

Jordanian Opens Fire And Kills 7 Israeli Girls

6 Students Wounded; Hussein Voices Shock At Soldier's Attack

Compiled by Our Staff From Dispatches
NAHARAYIM, Jordan — A Jordanian soldier killed seven junior high school girls Thursday when he opened fire with an automatic rifle as they were on a field trip to the "Island of Peace" in the Jordan River.

Six eighth-graders were wounded before the gunman was overpowered by other Jordanian soldiers.

They said the attacker was mentally unstable, but Israeli leaders linked the shooting to Jordanian criticism of Israel over the impasse in the Mideast peace talks.

King Hussein, who said Tuesday that Prime Minister Benjamin Netanyahu of Israel was pushing the Middle East "towards an abyss of bloodshed," cut short a foreign tour and returned to Jordan, expressing "shock, pain and anger" at the attack.

"When I warned a few days ago of the danger of the possibility of violence, I never thought it would lead to this," said the king, who was visiting Spain. "I was fully within my responsibilities to warn of such a possibility."

Crown Prince Hassan, speaking at a hospital where more than 20 Jordanians gave blood to help treat the Israeli wounded, termed the shooting "a murderous act carried out by a Jordanian soldier on his own."

Asked if it would further strain relations with Israel, the prince said: "I don't want to read anything political into this. This was an act of inhumanity and an act of murder."

In Washington, President Bill Clinton condemned the slayings and called on Middle East leaders to redouble their efforts toward peace and reconciliation. Later, the president called Mr. Netanyahu from Air Force One to express his condolences.

The shooting, which took place on Jordanian land leased to Israel under their 1994 peace treaty, was the most serious violence along the heavily guarded border for many years.

Some Israeli government ministers suggested a link between the king's warning, prompted by Mr. Netanyahu's plans to build housing in East Jerusalem, and the shooting.

See ISRAEL, Page 7

German Miners Cheer Compromise



Miners who had blocked Bonn's streets in protest gathered in Cologne on Thursday to welcome news that Chancellor Helmut Kohl had agreed to delay cutbacks in subsidies for mines. Page 6.

Anarchy Engulfs Albania

Several Countries Start to Evacuate Nationals

By Jane Perlez
New York Times Service

TIRANA, Albania — Albania crumbled into anarchy Thursday, as gunfire raged across the capital, and the United States and other countries began evacuating their nationals.

At least 12 people were reported killed throughout the country.

U.S. Marine helicopters plucked dozens of Americans, mainly children, from Tirana. Italian helicopters flew out hundreds of people, while other countries considered land routes for evacuations.

Four Chinook helicopters landed in Tirana early Thursday evening, sending out troops to help in the evacuation, said the State Department spokesman, Nicholas Burns. They evacuated 50 American civilians, mostly children. About 170 U.S. government employees and dependents will be brought out by the military in the next day or so, Mr. Burns said in Washington. All those among the nearly 2,000 American civilians who want to leave will be evacuated as well, he said, adding that the ambassador and key embassy staff members would remain for the time being.

In the increasing chaos, all 600 prisoners escaped Thursday from the main jail in Tirana, according to Albania's director of prisons, Bedri Coko.

Fatos Nano, head of the Albanian Socialist Party, jailed since 1993 for diverting millions of dollars of Italian aid, and the country's last Communist leader, Ramiz Alia, were among those

who broke out. Mr. Coko told Agency France-Press.

The deeply unpopular President Sali Berisha, an authoritarian ruler who has allowed only a facade of democratic trappings for the last five years of his rule, refused to resign even though his departure might help calm a nation that has become a series of armed camps.

In a desperate effort to focus Europe's attention on his country's crisis, Mr. Berisha and the opposition parties who formed a new government of national unity with him Wednesday, issued an appeal late Thursday for the European Union and NATO to send peacekeeping troops to restore order.

An opposition leader, who was at the meeting, Skender Gjinushi, said Mr. Berisha acknowledged that he had no army or police and that outside forces were needed to quell the violence.

But the appeal was likely to be

scoffed at because many Western governments believe the first step along the long road of restoring order is Mr. Berisha's resignation.

To help resolve the crisis, the Organization for Security and Cooperation in Europe based in Vienna, of which Albania is a member, was planning to send a mission Friday morning to Albania. Their arrival Thursday was aborted when the airport was closed.

Austria's former chancellor, Franz Vranitzky, was expected to suggest during the mission that Mr. Berisha resign as the best way to contain the anarchy, diplomats said. He would also urge that leaders of the southern rebellions be brought into discussions.

In Tirana on Thursday morning, warehouses of weapons were opened and civilians were allowed to help them.

See ALBANIA, Page 7

London Is Confident On Outlook for 'City'

Market's Role Is Expected to Survive the Euro

By Erik Ipsen
International Herald Tribune

LONDON — On the paper-strewn teal-blue trading floor of Europe's largest futures and options exchange, trading in British contracts came in dribs and drabs. The action and the din, on a recent and entirely typical day, came at the far end of the cavernous room.

There, frenzied traders four and five deep around trading pits haggled over prices of billions of dollars of futures and options from Italy and Germany.

In other financial markets in which Britain has long claimed the lion's share of European business, such as foreign exchange and bond trading, the scene is much the same. The language is English, the location is London, but what the traders buy and sell is not often British.

"Our position as a financial capital has little to do with Britain's economic strength, to the extent we have any," said Douglas McWilliams, chief of the Center for Economics and Business Research in London.

That is good news for London. It means that its financial district, known as the City, is unlikely to cede its role as Europe's leading financial center after a single European cur-

rency is launched — even if, as now seems likely, Britain declines to join in this monetary union.

When economic and monetary union comes to Europe, Britain will slip farther than ever from the European mainstream. But proximity to economic power has never been crucial to London's role as a financial center where stocks, bonds and currencies are traded.

Instead, for decades, the world's banks have come to London because its markets offer them cheaper and more efficient places to do business, and simply because so many have done so for so long.

First of two articles

"It would take many years for the center of gravity to shift from London to the Continent, if it ever did," said Donald Strazheim, chief economist for Merrill Lynch & Co. in New York.

Far from taking their business back to Frankfurt, Milan or Paris, European banks continue to pour money into new offices and staff in London. Some financiers, in fact, now argue that nothing would dull London's competitive edge so much as having Britain joining in the Continent's

See CITY, Page 17

Berlin to Begin Deporting Bosnians

Symbolic Ouster of 2 Refugees Signals Big Program to Come

By Alan Cowell
New York Times Service

BERLIN — Uneasy with their role as hosts to a costly and increasingly unwelcome population of Bosnian war refugees, the Berlin city authorities ordered on Thursday the deportation of two refugees to Sarajevo — a symbolic gesture signaling what is planned as a much greater forced exodus.

The expulsion was the first from Berlin since some 700,000 Bosnian war refugees fled to Germany and other parts of Europe as fighting engulfed their land, beginning in 1992. The order coincided with signs of disarray among German authorities about how they will handle what is viewed as sharpening tensions between refugees who want to stay in Germany and authorities who want them to leave.

The expulsions followed small-scale deportations from two southern German states late last year before the Balkan winter set in, leaving German authorities reluctant to risk being called hard-hearted by sending Bosnians to a chilly, uncertain fate.

In the intervening months, German authorities have mounted increasing pressure on some of the 320,000 predominantly Muslim Bosnian war refugees to return home voluntarily. The authorities have cut some social security payments and insisted that the overall Bosnian refugee population in Germany will be reduced by some 80,000 before summer.

Between 25,000 and 30,000 people have gone home voluntarily, said Judith Kumin, the representative in Germany of the United Nations High Commissioner for Refugees.

But, according to German officials and international relief officials, at least half of the Bosnian refugees still in Germany are Muslims whose homes lie in what are now areas controlled by Serbs.

"Where am I supposed to go? Where? Where?" asked Nasifa Kolar, a 50-year-old former official from the town of Bosanski Brod, now under Serb control, who came to Germany two years ago. She spoke in a phone conversation from the central town of Göttingen.

"There's a panic here," said Fadila Memisevic, who works at a support center for Bosnian refugees in Göttingen. News of the expulsions from Berlin, she said, had left many refugees "afraid because they have no place to

See BOSNIANS, Page 17

AGENDA

Successor to Mother Teresa Is Selected



Sister Nirmala facing the press Thursday.

The Missionaries of Charity order chose a Hindu convert Thursday to succeed its ailing founder, Mother Teresa.

The new superior general, Sister Nirmala, 62, directed the Calcutta-based order's spiritual wing. The nuns who chose her seemed to have sought a combination of compassion and administrative skill to sustain an operation with 4,500 members in more than 100 countries.

Mother Teresa was said to have been "present for the election and blessed Sister Nirmala." Page 4.

House Rejects Clinton's Support of Mexico

WASHINGTON (Reuters) — The House of Representatives voted, 228 to 195, on Thursday to overturn President Bill Clinton's finding that Mexico is an ally in the war on drugs but agreed to give it 90 days to improve its

performance. The House approved a resolution — which would need Senate approval and faces a presidential veto — that would blacklist Mexico but would waive the economic sanctions usually involved.



Kabirul Islam, in shorts in foreground, sitting with other boys who were taken to Saudi Arabia to beg in the streets of Jidda, Riyadh and Mecca.

Greed and Want in India

Bought to Beg in Saudi Arabia, Children Return to Prick a Society Inured to Poverty

By John F. Burns
New York Times Service

BERHAMPUR, India — When Kabirul Islam emerged into a corridor at the child welfare center here, it was not hard to see why he caught the attention of the recruiters who prowled local villages looking for children to work as beggars.

At 14, Kabirul is about half the normal size of boys his age. He is wise beyond his years, and he knows the value of a smile. He also has a special quality that the recruiters, known here as touts, seek: He is severely disabled, with withered hands and feet that cause him to move about on all fours, supporting himself on heavily calloused elbows and ankles.

Organized groups of child beggars are common in India. The children who beat on car windows at stoplights and chase after the well-to-do in the streets include many who are disabled and some, according to Indian studies of

begging, who have been deliberately mutilated by criminal gangs to make them more pitiable when they solicit donations on the streets.

But the conscience of Indians on children's issues has rarely been so sharply pricked as it has been by the plight of the youths of Berhampur.

Along with at least 120 other children from this district in the eastern state of West Bengal, and possibly hundreds of other Indian children, Kabirul's journey into the world of begging took him far beyond the dusty streets of his town, which has a Muslim majority.

In return for payments ranging from \$75 to \$1,500 and more to their parents, the children were handed over to touts, equipped with false passports representing them as the "touts' children and taken 3,000 miles to beg in the streets of Saudi Arabia. Some were as young as 4, the oldest about 15.

See BEG, Page 7

Outside Washington: 2 Big Stories, 2 Big Yawns

Scandals? Indifference in Michigan

By R.W. Apple Jr.
New York Times Service

ANN ARBOR, Michigan — "It's one of the great puzzles of the year," Robert Teeter said. "How can people be so indifferent to all this seamy stuff? I don't know, but they are. Scandal is on everyone's mind in Washington and on nobody's — or almost nobody's — in Michigan."

Mr. Teeter, a Republican campaign consultant of long experience, who managed President George Bush's unsuccessful re-election campaign, has a theory about this seeming disconnection between Washington and the hinterland. He sees it as a manifestation of a larger phenomenon — the decreasing importance of politics in the lives of Americans, and their waning interest in it.

"Every person has only so much attention to give," he said. "and politics and government takes up only a fraction of what it did 25 years ago. Look at the declining television coverage. Look at the declining voting rate. Economics and economic news is what moves the country now, not politics."

U.S. agency monitored Chinese on political donations in '96. Page 3.

Mr. Teeter was one of about a dozen Michiganders asked this week to reflect on the uproar in Washington over campaign fund-raising and its failure to find much of an echo in the rest of the country. President Bill Clinton, whose

See FUNDS, Page 7

A Push to Raise Consciousness on NATO

By Michael Dobbs
Washington Post Service

WASHINGTON — Forcing the pace on the expansion of the North Atlantic Treaty Organization, the Clinton administration is planning an all-out effort to convince Congress and the American people of the wisdom of extending formal security guarantees to former Soviet bloc countries.

While the issue has been hotly debated within the government and the foreign policy community, it has attracted little attention elsewhere in the country. But both supporters and opponents of enlargement believe that will change in the coming months, as Western governments reach agreement on a list of candidates to be included in the U.S.-led alliance by 1999.

Under the faster paced timetable, the administration might ask the Senate to ratify security commitments to several East and Central European countries as early as the spring of 1998. That will raise the question of whether U.S. soldiers should be ready to sacrifice their lives for Warsaw and Budapest, as they already

U.S. offers France a compromise on NATO's southern flank. Page 7.

are required to defend London or Paris. "This is the most solemn security commitment that this country can give," said Jeremy Rosner, a former analyst at the Carnegie Foundation who started work last week as head of the admin-

See NATO, Page 7

The Dollar			
	New York	Thursday 4 P.M.	previous close
DM	1.7047		1.6928
Pound	1.5973		1.5987
Yen	123.335		122.27
FF	5.7485		5.713

The Dow		
	Thursday close	previous close
-160.48	6678.69	7039.37
S&P 500		
	Thursday 4 P.M.	previous close
change	789.76	803.44

Interest-Rate Fears Pummel Markets

U.S. stocks and bonds plunged Thursday, with the Dow Jones industrial average losing more than 160 points, after a government report on retail sales convinced investors that interest rates were headed higher. Page 14.

Books	Page 9.
Crossword	Page 6.
Opinion	Pages 8-9.
Sports	Pages 22-23.

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Kenya	1.250 CFA
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Kuwait	1.250 CFA
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Malawi	1.250 CFA
Malaysia	1.250 CFA
Maldives	1.250 CFA
Mali	1.250 CFA
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Mauritius	1.250 CFA
Mexico	1.250 CFA
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Mongolia	1.250 CFA
Montenegro	1.250 CFA
Morocco	1.250 CFA
Mozambique	1.250 CFA
Nicaragua	1.250 CFA
Niger	1.250 CFA
Nigeria	1.250 CFA
North Macedonia	1.250 CFA
Oman	1.250 CFA
Pakistan	1.250 CFA
Panama	1.250 CFA
Paraguay	1.250 CFA
Peru	1.250 CFA
Poland	1.250 CFA
Portugal	1.250 CFA
Romania	1.250 CFA
Russia	1.250 CFA
Saudi Arabia	1.250 CFA
Senegal	1.250 CFA
Serbia	1.250 CFA
Seychelles	1.250 CFA
Singapore	1.250 CFA
Slovakia	1.250 CFA
Slovenia	1.250 CFA
South Africa	1.250 CFA
South Korea	1.250 CFA
Spain	1.250 CFA
Sri Lanka	1.250 CFA
St. Kitts	1.250 CFA
St. Lucia	1.250 CFA
St. Vincent	1.250 CFA
Sudan	1.250 CFA
Swaziland	1.250 CFA
Sweden	1.250 CFA
Switzerland	1.250 CFA
Taiwan	1.250 CFA
Tanzania	1.250 CFA
Togo	1.250 CFA
Tonga	1.250 CFA
Turkey	1.250 CFA
Turkmenistan	1.250 CFA
Uganda	1.250 CFA
Ukraine	1.250 CFA
United Kingdom	1.250 CFA
United States	1.250 CFA
Uruguay	1.250 CFA
Uzbekistan	1.250 CFA
Venezuela	1.250 CFA
Vietnam	1.250 CFA
Yemen	1.250 CFA
Zambia	1.250 CFA
Zimbabwe	1.250 CFA



A Hello to Arms / General Mikhail Kalashnikov

Russia's Rifle: the AK-47 Turns 50

By Michael R. Gordon
New York Times Service

MOSCOW — One of this city's proudest exhibits is not a religious icon or a portrait. It is the Kalashnikov assault rifle that a North Vietnamese soldier used to kill 78 Americans in the Vietnam War.

"We tried to select automatic weapons that were used in actual hot spots," said Nikolai Karpov, a senior official at the Museum of Armed Forces.

The Russian military may be in a shambles. But recalling a prouder, if more violent, time, the military is celebrating the 50th anniversary of General Mikhail Kalashnikov's assault rifle, the AK-47, which has armed more fighters than any other gun.

A 77-year-old retired major general and a recipient of three Orders of Lenin during Soviet times, General Kalashnikov has now been awarded one of the Yeltsin government's highest decorations for "service to the Fatherland."

At the recent gala opening of the Kalashnikov exhibition, the inventor was received with almost religious reverence. It was a rare appearance for the soft-spoken General Kalashnikov, who lives in the Russian republic of Udmurtiya, where the Izhevsk Mechanical Engineering Plant still churns out his "children," as he fondly calls his guns.

"Ever since I first took apart a pistol as a small boy, I felt that my fate would be linked to guns," General Kalashnikov told The Moscow Times.

Certainly, few weapons have become so

famous. During five decades of wars, uprisings and lesser forms of violence, AK-47s became the weapon of choice not only in the Soviet Union but also throughout Eastern Europe and in Soviet client states around the world.

But it is even more famous as a symbol of revolution. Its silhouette is even emblazoned on the flag of Mozambique, one of dozens of countries where the current rulers gained power in large part through the efficient use of their AK-47s.

In all, some 70 million Kalashnikovs have been produced. They are used in the armies of 55 nations, and are hailed for their simplicity and ruggedness as much as their firepower. In tests, AK-47s have performed flawlessly after being buried in muck or sand.

The North Vietnamese soldier who set a grisly record with his Kalashnikov by mowing down American troops on April 7, 1968, was made a Hero of the Socialist Republic of Vietnam, the museum exhibit explains.

But Kalashnikovs have not always been used to the advantage of the Russian military or its allies. Mujahidin fighters used Egyptian and Chinese versions against Soviet soldiers after the Soviet invasion of Afghanistan. Those guns are on display, as well.

General Kalashnikov has had little to say about the ethics of being the father of the world's most widely distributed firearm. "We created the weapon for the protection of our Fatherland," he said in an interview last month

in Krasnaya Zvezda. "If it is not used for the right cause, say, in ethnic conflicts in different places, the responsibility should be placed on the politicians, not the designers."

As recounted by his admirers, General Kalashnikov's story is one of true Soviet success. Born in the Russian region of Altai, near Mongolia, he showed mechanical aptitude in his work with steam engines as a youth, then served as a tank commander in World War II.

Wounded in 1941, but not so severely as to keep him from being sent out on a foraging mission, he returned to his detachment to find that it had been wiped out by Germans with Schmeisser machine pistols, automatic weapons that fired much faster than the bolt-action rifles issued to his comrades. While recuperating from his wounds, he sketched out a basic design for a weapon with the range of a rifle and rapid-fire capacity of the Schmeissers, the British Sten gun and the Americans' Thompson submachine gun.

SUCCESS did not come easily. For years he tinkered with the design, building a few prototypes with the help of a friend but no official support. On a trip to Kazakhstan, where he hoped to finish his education after the war, he was arrested and briefly detained by the local military commander for the illegal possession of firearms: his own inventions.

Deadly Statistics

WEIGHT	6.9 pounds
LENGTH	34.5 inches
BARREL	16.25 inches
EFFECTIVE RANGE	355 yards
RATE OF FIRE	10 rounds/second
CAPACITY	30-round magazine

Source: Jane's Infantry Weapons

NYT



General Kalashnikov holding a model of the assault weapon he designed, at a ceremony in Moscow. The gun is still used by the armies of 55 nations.

His perseverance paid off in 1947, when he won a Moscow competition to select a new gun for the Soviet Army. Soon after, Stalin approved the plans to mass-produce the gun, which got its AK-47 designation as a shorthand for Automatic Kalashnikov-1947.

Over the years the guns have been modernized and adapted to fire different calibers of ammunition. In addition to assault guns, which can fire at a rate of 100 shots a minute, General Kalashnikov has developed a new sport variant for hunters. It can be bought for about \$300.



Colonel John Boyd, in 1982. He never lost a bet in the air.

Colonel John Boyd Dies, Revolutionized Air Combat Tactics

By Robert McG. Thomas Jr.
New York Times Service

Colonel John Boyd, 70, a legendary U.S. Air Force fighter pilot whose discovery that quicker is better than faster became the basis of a far-reaching theory that helped revolutionize American military strategy, died of cancer March 9 at a hospital in West Palm Beach, Florida.

To combat pilots of the late 1950s, it was always high noon in the skies above the Nevada desert. A pilot — a crack instructor at Nellis Air Force Base, perhaps, or a hotshot U.S. Navy flier passing through — would get on the radio to call him out and within minutes Colonel Boyd would have another notch in his belt.

They did not call him 40-Second Boyd for nothing. From 1954 to 1960 virtually every combat pilot in the country knew that the colonel, a pilot in the Korean War who helped establish the Fighter Weapons School at Nellis, had a standing offer: Take a position on his tail, and 40 twisting, turning seconds later he would have the challenger in his own gun-sights or pay \$40. He never lost the bet.

At Nellis Colonel Boyd taught himself calculus so he could work out the complex formulas that produced his awesome repertoire of

air maneuvers and led to his 1960 report, "Aerial Attack Study," the bible of air-to-air combat.

His own combat experience had been limited to a few missions in Korea, but that had been enough to produce a breakthrough insight.

Wondering why the comparatively slow and ponderous American F-86s achieved near total domination of the superior MiG-15s, he realized that the F-86 had two crucial advantages: better visibility and a faster roll rate.

This led him to develop what he called the OODA Loop, to denote the repeated cycle of observation, orientation, decision and action that characterized every encounter.

The key to victory, he theorized, was not a plane that could climb faster or higher but one that could begin climbing or change course quicker — to get inside an adversary's "time/cycle loop," as he put it.

The quick-cycle combat theory, expanded by Colonel Boyd into a lecture he later delivered hundreds of times, has since been widely applied to everything from weapons procurement and battlefield strategy to business competition.

One implication of the theory was that the best fighter plane was not necessarily the one

with the most speed, firepower or range. Colonel Boyd, who enrolled at Georgia Tech after his Nellis tour, was helping a fellow student with his homework over hamburgers and beer one night when he had an insight that led to a way to quantify his ideas.

The resulting Energy Maneuverability Theory, which allows precise comparisons of maneuverability, has become a standard measure of aerial performance.

Assigned to the Pentagon in 1964, Colonel Boyd became an important figure in a movement that started in response to \$400 hammers and other headline excesses of Defense Department spending and soon expanded to question the need for many hugely expensive weapons systems.

Although he had allies in the Pentagon, Congress and business, Colonel Boyd's ideas often went against the grain of an entrenched military-industrial bureaucracy devoted to the procurement of the most advanced, most expensive and (not coincidentally, he felt) most profitable planes.

Although his design ideas helped give the F-15 a big, high-visibility canopy, his major triumph was the F-16, a plane lacking many of the F-15's high-tech, expensive features, but which

is far more agile and costs less than half as much, allowing for the purchase of many more of them for a given expenditure.

Top air force officers were so opposed to the concept of producing a plane that did not expand on the F-15's cutting edge technology that Colonel Boyd and some civilian allies developed it in secret.

The plane was hailed for its performance in the Gulf War, whose very strategy of quick, flexible response was based largely on ideas Colonel Boyd had been promoting for years.

Colonel Boyd, who maintained that the lure of big-money defense contracts invariably perverted weapons assessment, was so personally fastidious that during his years in the Pentagon he became known as the ghetto colonel because he lived in a basement apartment.

Colonel Boyd carried his notion of propriety to such an extreme that when he retired in 1975 and began some of his most productive work, as a Pentagon consultant, he insisted his family live on his retirement pay.

Initially offering to work full time without pay, he was finally persuaded to accept one day's pay every two-week pay period, because he had to be on the Pentagon payroll to have access to the building.

Possible Sting, With Thick Plot, Netted Japan Terrorists

By John Lancaster
Washington Post Service

TAANAYEL, Lebanon — To the couple upstairs, the acupuncture clinic in Apartment 15 was always a bit of a mystery. Its Lebanese owner seemed to have few patients, they said, but she often had guests — Japanese guests, who brought groceries and sometimes stayed for weeks.

"We used to wonder what they were doing, why they were coming here," said the wife. Now they think they know.

Last month, Lebanese security forces arrested eight Japanese, including five members of the Japanese Red Army, a name synonymous with some of the most brazen terrorist acts of the last 25 years. The couple, who asked not to be identified, said three of the graying, middle-aged suspects whose mug shots appeared in Lebanese newspapers last week often stayed at the clinic, on the second floor of a small apartment building in this Bekaa farm town 40 kilometers east of Beirut.

One described by the couple as a personable, rail-thin man who called himself "Suzuki" — was Kozo Okamoto, 49, who helped kill 25 civilians in an attack at the Tel Aviv airport in 1972.

The arrests have caused a sensation,

highlighting Lebanon's complex relationship with extremist groups that continue to use the country as a refuge, often in complicity with Syria, which dominates the country politically and militarily.

The arrests were welcomed in Beirut's Western embassies at first as a sign that Syria was acting to clean up its image as a sponsor of international terrorism. But the case has developed more plot twists than a Hollywood thriller. Among them are suggestions in press reports, deemed credible by Western diplomats, that the arrests capped an elaborate sting operation orchestrated by Japanese spies and a senior official of the Lebanese secret police.

The impression that Syria did not fully endorse the arrests was heightened by the response of the Lebanese government, which first confirmed the arrests, then denied that any Japanese were in custody.

After high-level diplomatic contacts among Damascus, Tokyo and Beirut, the state prosecutor, Adnan Adoudou, announced last week that Lebanon would not extradite the suspects, as Tokyo had asked, but would try them in Beirut on charges of forgery and entering the country illegally.

Why were they arrested? A possible answer has emerged in news reports suggesting the arrests had been ordered by

Brigadier Ali Makki, deputy director of the State Security Agency, in collaboration with Japanese intelligence. The reports suggested that he secured Syrian approval by linking the suspects to several recent attacks on Syrians, including a bus bombing in central Damascus in December.

Ambassador Yasuji Ishigaki denied that Japan was involved in setting up the arrests. "Japan is an entirely transparent democracy that has no clandestine activities anywhere in the world," he said.

It was clear by last week that Damascus was not entirely pleased. The most obvious sign was the sudden resignation of Brigadier Makki, who has since disappeared from view, according to Lebanese media reports and a Western diplomat in Beirut.

Some Lebanese condemned the arrests as a betrayal of the Arab cause. The Red Army is aligned with the Popular Front for the Liberation of Palestine, headed by Georges Habbash, whose rejection of Yasser Arafat's peace accords with Israel is viewed with sympathy by many Lebanese.

The Japanese Red Army, founded in the early 1970s, has long been identified with Arab radicalism. In its most conspicuous attack, Mr. Okamoto and two accomplices entered a passenger lounge at the Israeli airport on May 30, 1972, plucked two

suitcases from a conveyor belt and extracted submachine guns and grenades. Their four-minute assault killed 24 civilians — another died later — including 16 Puerto Ricans on a religious pilgrimage.

Mr. Okamoto, then 22 and the only terrorist survivor, was captured and sentenced to life imprisonment. He was released in 1985 in a prisoner exchange between Israel and Palestinian radicals.

Although the Red Army has all but disappeared, Japan has relentlessly pursued its members, apprehending three in recent years in Romania, Peru and Nepal.

In mid-February, Lebanon's State Security Service arrested eight Japanese in predawn raids in West Beirut and the Bekaa. Also caught was Omayya Abboud, 35, the acupuncturist, who had traveled several times to Japan for training in Asian medicine, family members said.

Only after Japan sent photographs and fingerprints did Beirut grudgingly acknowledge that it had Red Army members in custody. They were identified as Masao Adachi, 57, called "the editor" for his work on pornographic films; Kazuo Tohira, 44; Haruo Wako, 48, who the Japanese say was director of Red Army military operations; Marika Yamamoto, 56, and Mr. Okamoto. Police freed the other three.

Bomb Explodes In Parisian Shop

Reuters

PARIS — A parcel bomb exploded in a shop here Thursday, slightly injuring one person, the police said.

There was no immediate claim of responsibility for the blast, which bore none of the signs of recent bombings in France.

An unidentified passer-by apparently threw the bomb into a home-decoration shop on Rue Monge, near the Latin Quarter, where it bounced down a flight of stairs into a storeroom in the cellar and exploded. An employee of the shop who was alone in the storeroom was slightly hurt by the blast, which caused minor damage to the building. The suspected bomber escaped.

"The explosion was pretty strong — the building shook," an employee of a travel agency in the building said.

In December, a bomb on a commuter train in Paris killed four people.

TRAVEL UPDATE

Clash on Hong Kong Fees

HONG KONG (AFP) — Talks on landing fees for Hong Kong's new Chek Lap Kok airport collapsed Thursday without an agreement, an airline spokesman said.

At the end of the discussions between the International Air Transport Association and the Hong Kong Airport Authority, the spokesman for Cathay Pacific Airways Ltd. said: "We are a long, long way from reaching an agreement."

Negotiations are to resume in April. Airlines fear the landing charges will be more than twice those at the existing airport.

New Croatia-U.S. Route

ZAGREB, Croatia (AFP) — An agreement signed by Croatia Airlines and Virgin Atlantic Airways will allow passengers to fly from Zagreb to London and join a Virgin Atlantic flight to New York, Los Angeles or San Francisco after a short stopover.

Flights from Zagreb to New York will cost \$499 and will leave five times a week.

Because of unrest in Albania's capital, Austria's flag carrier, Austrian Airlines, said Thursday it had canceled flights to Tirana until further notice. (Reuters)

Chernobyl Cuts Power Output

The Associated Press

KIEV — The Chernobyl nuclear plant, site in 1986 of the world's worst nuclear accident, has cut its power output by half because of fuel shortages, the plant's director said Thursday. The director, Sergei Parashin, said the plant had not received fuel deliveries since July because it was out of money to buy fuel.

WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.



Region	City	Today	Low	High	Today	Low	High	Today	Low	High
North America	Albuquerque	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Anchorage	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Atlanta	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Boston	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Chicago	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Dallas	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Denver	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Detroit	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Houston	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Los Angeles	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Miami	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Minneapolis	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Montreal	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	New York	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Oakland	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Phoenix	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Portland	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	San Francisco	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Seattle	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	St. Louis	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Tampa	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Vancouver	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30
	Washington	20/20	10/10	30/30	20/20	10/10	30/30	20/20	10/10	30/30

Asia		Today		Tomorrow	
		High	Low	High	Low
Bali	30/26	20/11	31/18	21/10	31/18
Bangkok	30/26	20/11	31/18	21/10	31/18
Beijing	17/4	12/4	6/4	9/3	0/3
Bombay	30/26	20/11	31/18	21/10	31/18
Buenos Aires	30/26	20/11	31/18	21/10	31/18
Calcutta	30/26	20/11	31/18	21/10	31/18
Chongming	30/26	20/11	31/18	21/10	31/18
Cebu	30/26	20/11	31/18	21/10	31/18
Hanoi	30/26	20/11	31/18	21/10	31/18
Hong Kong	30/26	20/11	31/18	21/10	31/18
Interpavia	30/26	20/11	31/18	21/10	31/18
Kuala Lumpur	30/26	20/11	31/18	21/10	31/18
London	30/26	20/11	31/18	21/10	31/18
Manila	30/26	20/11	31/18	21/10	31/18
Medan	30/26	20/11	31/18	21/10	31/18
Moscow	30/26	20/11	31/18	21/10	31/18
Myanmar	30/26	20/11	31/18	21/10	31/18
Nairobi	30/26	20/11	31/18	21/10	31/18
Paris	30/26	20/11	31/18	21/10	31/18
Rangoon	30/26	20/11	31/18	21/10	31/18
Shanghai	30/26	20/11	31/18	21/10	31/18
Singapore	30/26	20/11	31/18	21/10	31/18
Tokyo	30/26	20/11	31/18	21/10	31/18
Vietnam	30/26	20/11	31/18	21/10	31/18
Yokohama	30/26	20/11	31/18	21/10	31/18

THE AMERICAS

Reno's Version on Lake

Assumed FBI Would Brief Him, She Says

Compiled by Our Staff From Dispatches

WASHINGTON — Attorney General Janet Reno said Thursday that she dropped efforts to tell the National Security Adviser, Anthony Lake, that China might be trying to influence U.S. elections because she assumed the FBI would do so.

Ms. Reno also said she had ordered an internal review arising from what she termed the misunderstanding between the FBI and the National Security Council that resulted in the information not being given to President Clinton.

After she was briefed by the FBI last May about possible Chinese efforts to funnel money to congressional candidates in the 1996 elections, Ms. Reno said, it was decided that she would call Mr. Lake.

"I was not able to reach Lake," she told the FBI "to make sure the briefing went forward and assumed that the

briefing would take place — everybody would be briefed," she said at her weekly Justice Department news conference.

She repeated her explanation that FBI agents placed no restrictions on disclosing the information to other officials, but did say it involved a sensitive matter.

Both Mr. Lake and President Clinton say they were not briefed on the information. The White House said the FBI gave it to two National Security Council staffers on condition that the staffers not tell their White House bosses.

On Monday, the FBI flatly contradicted Mr. Clinton's statement. Ms. Reno said that she had ordered a review of Justice Department and FBI procedures to ensure that such information is passed along "in a clear line of communications." (Reuters, AP)

A No-Fund-Raising Zone

WASHINGTON — Four receptions for wealthy Democratic financial benefactors to mingle with President Bill Clinton at the White House have been canceled in recent weeks out of concern that they would only deepen the political damage from the continuing furor over campaign fund-raising.

Two top party fund-raisers said they were told by White House officials that Hillary Rodham Clinton had declared the mansion out-of-bounds for events intended to stroke deep-pocketed donors.

Aides to the president confirmed that Mrs. Clinton's staff weighed in on the matter, but characterized the decision as a consensus throughout the White House that the timing was bad.

"We didn't want to do them," Craig Smith, the new White House political director, said of the events. "Now's not the time." (WP)

Social Security Panel Dies

WASHINGTON — President Clinton has abandoned the idea of establishing an independent panel to reduce the cost-of-living adjustments for Social

Security and other federal benefits, after an unsuccessful effort to build bipartisan support for it.

Some Republican leaders warned that a Clinton retreat could doom chances for a deal this year to balance the budget by 2002. But White House officials said Mr. Clinton was backing away from the idea because of overwhelming opposition from Democratic and Republican lawmakers who fear a public outcry if Washington scales back increases in popular federal benefit programs. (WP)

Choice for No. 2 at Justice

WASHINGTON — President Clinton plans to nominate Eric Holder Jr., the U.S. attorney for the District of Columbia, to become the No. 2 official at the Justice Department, a move that would make him the highest ranking black American law enforcement officer in U.S. history.

Administration sources familiar with the deliberations said White House officials have told Mr. Holder that Mr. Clinton wants him to replace Deputy Attorney General Jamie Gorelick, who announced her resignation in January.

If he gets the job, the onetime D.C. Superior Court judge would leave as director of the nation's largest

federal prosecutor's office to step into a post that is at the center of the Justice Department's most complex and difficult deliberations, including whether to appoint an independent counsel to investigate alleged campaign finance abuses and the approaching federal criminal trials in the Oklahoma City bombing and the Unabomber murders. (WP)

Quote/Unquote

Amy Weiss Tobe, spokeswoman for the Democratic National Committee, which now says it will take several months to return \$1.5 million in foreign or otherwise improper contributions identified by an audit that party leaders announced two weeks ago: "We've decided the right thing to do is to raise the money, and return it when we can." (AP)

Jim Nicholson, chairman of the Republican National Committee: "After they told the American people they were doing it and acted so self-righteous about it, and now we find out they haven't even done it, it is shocking. They should have done whatever was legally possible to give this money back when they said they were, whether that would have required going to the bank and borrowing it or not." (AP)

Eavesdrop Picked Up China Plan On Donors

By David Johnston
New York Times Service

WASHINGTON — An investigation into whether the Chinese government had a concerted plan to influence American officeholders began early last year when the National Security Agency surreptitiously monitored a series of communications between Beijing and Chinese officials in the United States, according to law-enforcement representatives.

Those conversations, the law-enforcement officials said, offered a fragmentary sketch of China's interest in matching the Washington lobbying success of its rival Taiwan, and also suggested that Beijing was prepared to take a drastic step: funneling illegal campaign funds to American politicians.

As a result, the officials said, the FBI prepared a list of about 30 members of Congress who the bureau thought might be subjects of the Chinese effort. For reasons still unclear, the FBI advised only half a dozen of them, in private meetings last June.

Although suspicions of a Chinese government effort to influence U.S. policy have become central to the campaign finance furor in Washington, government agents treated the security agency's report at the time as routine counterintelligence information. That helps explain why the FBI, in giving that information to the White House, provided it only to two members of the National Security Council staff charged with overseeing such matters.

The existence of an intelligence report on interest by China in influencing the 1996 U.S. elections was reported by The Washington Post last month. But the involvement of the National Security Agency, how the information was gathered and how it was handled by the FBI have not been previously known.

The law-enforcement officials, who spoke Wednesday on condition of anonymity, said the agency, which trains eavesdropping equipment on overseas communications, began the China effort early last year. But it was spring, the officials said, before analysts fully understood it.

The information was then passed, as is routine practice, to top counterintelligence officials at FBI headquarters and, in June, to the two officials at the National Security Council.

But for the most part it was tightly held. Not even the FBI's Washington field office, which maintains a squad of agents to monitor the Chinese Embassy, was aware of it, the officials said.

The agency report suggesting that the Chinese government was prepared to funnel money to U.S. officeholders runs contrary to Beijing's repeated denials that it has ever tried to influence U.S. domestic politics. But it was unclear from the officials' account what was to be the destination of any such money.



BOLIVIAN FIRST — Remedios Loza, an Aymara Indian legislator, greeting supporters in La Paz after accepting the nomination of the Conciencia de Patria party to run for president. She is the first woman to seek Bolivia's highest post.

Bags of Cash in the Trunk

Top Mexico Drug Official Took Payoffs, Ex-Agent Says

HOUSTON — A former Mexican police agent has told a jury that he delivered suitcases of cash to Mexico's top drug enforcement official, who was waiting in a car parked outside the Mexican attorney general's office.

"That's him," the former agent said, pointing across a courtroom here at Mario Ruiz Massieu, the deputy attorney general to whom the officer said he delivered protection money in August 1994 and put it in the trunk.

The account offered Wednesday by Raul Macias, who said he had been the bodyguard to a federal judicial police commander until last year, was the most important testimony to date in a civil trial unfolding here.

In the trial, which began Monday, U.S. prosecutors have painted a picture of systematic narcotics corruption in Mexico, with

the entire law enforcement apparatus, from police to prosecutors, in the pay of traffickers. "No matter who the police commander was or who has occupied the post of attorney general, the protection payments have continued," said Jesse Rodriguez, an assistant U.S. attorney prosecuting the case.

At issue in the trial is whether Mr. Ruiz Massieu, a relative by marriage of former President Carlos Salinas de Gortari, can keep \$9 million that he deposited in a Houston branch of Texas Commerce Bank from late 1993 through early 1995, roughly the period when he was a deputy attorney general.

Mr. Ruiz Massieu says the money was obtained from government bonuses paid to him, as well as savings amassed by his family. U.S. prosecutors assert that it was money paid by traffickers for protecting their illicit business.

Suspect Held in Cosby Son's Slaying

Compiled by Our Staff From Dispatches

LOS ANGELES — One man is under arrest and two other people were being questioned Thursday in the shooting death of the son of the comedian Bill Cosby.

The suspect, whose name was not released when the arrest was announced at a news conference late Wednesday night by Los Angeles' police chief, Willie Williams, was said to bear a close resemblance to a composite sketch circulated after the slaying.

"We have evidence linking the suspect to the case," Mr. Williams said.

He added that the suspect's name was being withheld because the investigation had not been completed.

He said the two other suspects were a man and a woman.

Ennis Cosby, a 27-year-old graduate student at Columbia University, was on a visit to Los Angeles at the time of his death on Jan. 16. His body was found at 1 A.M. lying next to his Mercedes-Benz convertible, which he had pulled off Interstate 405 on the city's west side to change a flat tire, according to the police.

Investigators said he was on his way to a late-night visit with a friend in the San Fernando Valley.

When the arrest was made in the San Fernando Valley on Wednesday night, investigators seized evidence linking the man to the killing, Mr.

Williams said. He would not elaborate. He did not give the man's name, but said he was believed to be a Los Angeles resident.

The Los Angeles Times, quoting an anonymous source, said the police believed the shooting involved a

gang of about four "Russian" robbers. Another source said the police were tipped off about the shooter and possible accomplices, who apparently did not know Mr. Cosby, by someone who wanted to settle a score. (AP, NYT)

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Politicians' Dream, TV's Nightmare

By James Benner
New York Times Service

WASHINGTON — It's a Thursday night in the year 2000, and you've flipped on the tube to catch your favorite new comedy program.

Suddenly, the screen fills with the gray-suited figure of Al Gore, Democratic candidate for president, earnestly addressing the camera about his fears of chlorofluorocarbons and his vision for the microchip.

You reach for the remote. It is the dream of President Clinton and others who want broadcasters to give time to politicians that you will not flick away. Instead, you will lean back and hear Mr. Gore out, as you will other candidates for president and Congress.

"Will it bore America to tears?" asked Paul Taylor, executive director of the Free TV for Straight Talk Coalition. "I think people are underestimating the voters. I think there is a real hunger for political information."

That may be. But Mr. Taylor, Mr. Clinton and their allies must overcome many obstacles before they can test that theory.

On Tuesday, the president asked that broadcasters surrender time to candidates in exchange for new licenses to provide digital high-definition television, extraordinarily valuable licenses that they are to get free of charge. Mr. Clinton contended that free broadcast time would take the pressure off candidates to raise

money, since most campaign dollars go to pay for commercials.

But the broadcasters, one of the most powerful lobbies in Washington, have already begun to fight, saying such a plan would cost them a fortune and violate their Fifth Amendment rights, which bars private property from being taken for public use without just compensation, as well as their First Amendment rights.

Supporters of free time must grapple with a bundle of practical concerns. Who would decide when the commercials would be broadcast? What would stop candidates from buying commercials beyond their free time — and continuing to raise gobs of money to do so?

Supporters of the plan are divided over some questions. Mr. Clinton, for example, said candidates should "talk directly to the voters without gimmicks or intermediaries."

Away From Politics

• The army is rejecting a call by the NAACP and the Congressional Black Caucus for an outside inquiry into the service's investigations of sexual harassment within its ranks. The calls for an independent investigation came after five white female soldiers charged that

army investigators had tried to get them to falsely charge their superiors, many of whom are black, with rape. (AP)

But that idea alarms people like Bob Shrum, the Democratic media consultant who, unlike most members of his profession, supports free time. "As a general proposition, I think any kind of government regulation of speech is a bad idea," he said.

To the problem of allocating time, supporters of free political ads have proposed a "national political time bank," into which every radio and television station would deposit one or two hours of prime advertising time for each two-year political cycle. The total market value of the time would be about \$500 million.

The time bank aims to limit fund-raising by congressional candidates and to end "soft money," the unlimited donations at the heart of the current uproar over campaign finances.

Based on the \$500 million in the time bank, the Federal Election Commission would give candidates and parties vouchers that would be redeemable at any station.

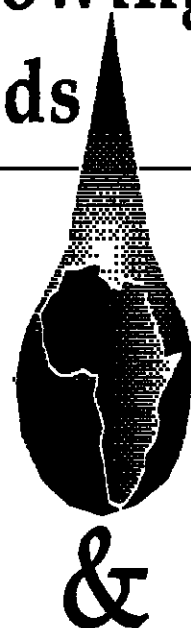
• Nearly one in seven children in the United States lack health insurance in 1995, the Children's Defense Fund reports, warning that the nation needs to make expanding health coverage for children a top priority. (WP)

Meeting Africa's Growing Oil and Gas needs

Africa's hydrocarbon potential is attracting increasing attention. Exploration activity is increasing across the continent, especially in Western Africa and production is being established in new areas. Africa's oil industry is entering a period of expansion.

For anyone interested in shaping the future, the Oil and Gas Africa '97 conference/exhibition in Accra between 2nd and 4th April is a vital forum.

The event will bring together key opinion leaders and top management and other participants from multi-national and African corporations, financial institutions and governments.

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ASIA/PACIFIC

Lee Kuan Yew Apologizes for Remarks That Angered Malaysia

By Michael Richardson
International Herald Tribune

SINGAPORE — Seeking to prevent a serious rift in relations with Malaysia, Lee Kuan Yew, Singapore's senior minister, apologized "unreservedly" Thursday for remarks that brought a storm of protest from Malaysians.

The public apology was a rare act for Mr. Lee, a tough and often outspoken former prime minister from 1959 to 1990 who remains a powerful figure in Singapore.

The senior minister had no intention to cause offense and apologizes unre-

servedly for the offense he has caused to the government and people of Malaysia by his statement on Johor," a statement from Mr. Lee's press secretary said.

Mr. Lee said in a recent affidavit for a libel case that the Malaysian state of Johor, which is linked to Singapore by a causeway, was "notorious for shootings, muggings and carjackings."

Analysts said that the strength of the protests in Malaysia threatened to damage relations unless an apology was forthcoming.

Most of Singapore's water and much of its food comes from Malaysia. Although the two countries have close ties

and cooperate in some areas, there is increasing economic rivalry between them.

Analysts said that Mr. Lee's derogatory reference to Johor touched a sensitive nerve in Malaysia.

"Some Singaporeans feel themselves to be generally superior to Malaysians, and even if they don't, most Malaysians think they do and that is enough," said Bruce Gale, Singapore regional manager of Political and Economic Risk Consultancy Pte.

Prime Minister Mahathir bin Mohamad of Malaysia said Thursday that many Malaysians felt that Mr. Lee should

"make amends" for what he said about Johor. At a demonstration in Johor, members of the youth wing of the party Mr. Mahathir heads, the United Malays National Organization, brandished placards calling Mr. Lee "senile," "stupid" and a "pig" — terms that are almost unheard of in the normally smooth diplomacy between leaders of countries in the Association of South East Asian Nations.

Mr. Mahathir said that Mr. Lee's comments revealed the difficulties in relations between the two countries.

Singapore was expelled from the Malaysian federation in 1965, partly because Malay leaders suspected that Mr.

Lee wanted to win power in Malaysia and end the special privileges given to Malays.

Mr. Lee's libel case was one of 13 brought by members of Singapore's governing party against an opposition politician, Tang Liang Hong, who fled to Johor after general elections in January in which he failed to win a seat in Parliament.

The comment in Mr. Lee's affidavit about Johor was made as part of an argument disputing claims by Mr. Tang that he feared for his life in Singapore.

"Of all places, he went to Johor," Mr. Lee said. "That place is notorious for

shootings, muggings and carjackings. It does not make sense for a person who claims to be fearful for his life to go to a place like Johor."

The statement by Mr. Lee's press secretary said the affidavit was not intended to be made public. But Mr. Tang had asked for and gotten an open court hearing where it was discussed. The statement added that Mr. Lee had not been in Johor since 1990 and that the affidavit reflected "his perception based on reports he had read in the press."

"It was unfortunate that subsequently it became public by the way the litigation developed," it said.

Beijing Assails Vote in U.S. On Hong Kong

Compiled by Our Staff From Dispatches

BEIJING — China criticized the United States on Thursday for meddling in its relationship with Hong Kong, saying a bill passed by the U.S. House of Representatives calling on Beijing to honor its treaty obligations amounted to unacceptable interference in Chinese affairs.

A Foreign Ministry spokesman, Cui Tiankai, said no foreign government had the right to involve itself in matters concerning China and Hong Kong, which is slated to revert to Chinese rule on July 1.

In Washington, the House approved a bill Tuesday calling on Beijing to honor a treaty with Britain that promises Hong Kong extensive autonomy after its return to China.

"There are some people in the U.S. Congress who know nothing about realities in Hong Kong and have no idea about China's Hong Kong policy," Mr. Cui said at a news briefing.

"This kind of gross interference in China's internal affairs is wrong. We are resolutely opposed to this and definitely cannot accept it."

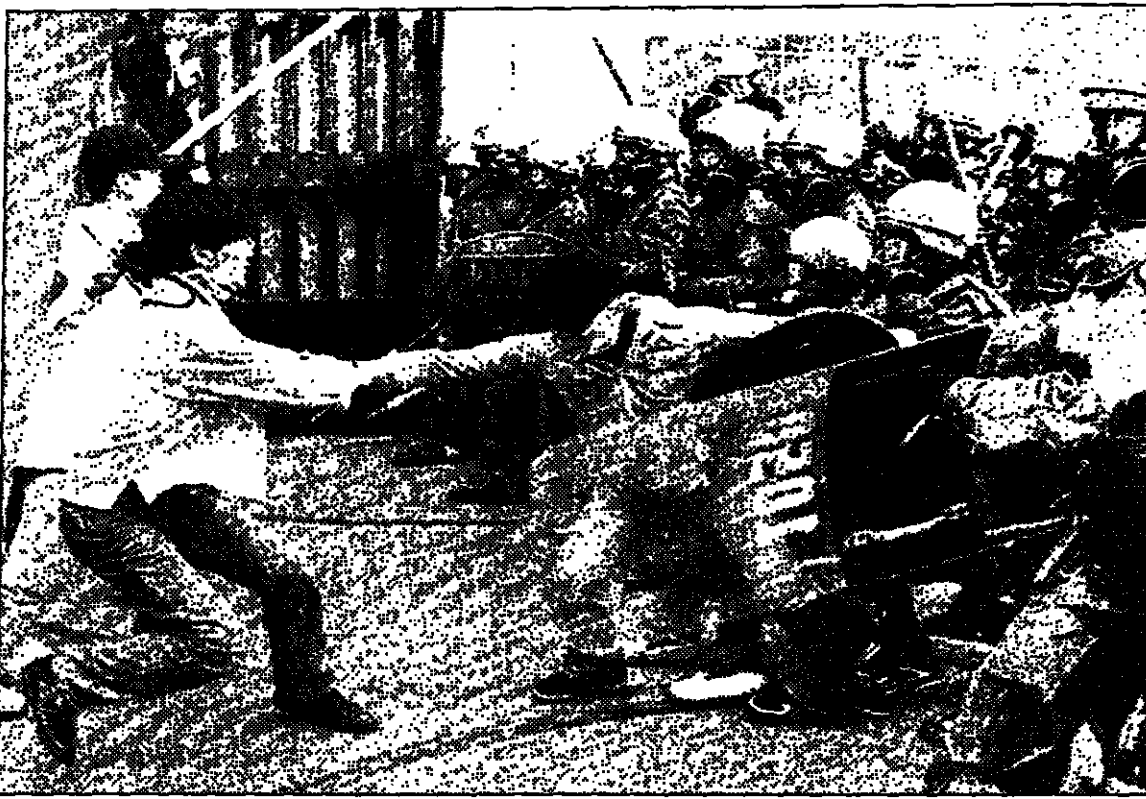
Mr. Cui said the U.S. Congress, without making an in-depth study, went ahead with a resolution that "incites suspicions about China's sincerity and determination."

Chinese-American relations have long been strained by disputes over issues ranging from trade to human rights to U.S. relations with Taiwan, which China regards as a renegade province. But both Beijing and Washington have made efforts to improve their relationship in recent months.

The House of Representatives' bill, approved by a vote of 416 to 1, said that a failure by China to provide an elected legislature for Hong Kong would violate a 1984 agreement with Britain in which China vowed to leave Hong Kong's political and economic systems intact for 50 years except in matters of defense and foreign relations.

The House resolution would allow President Bill Clinton to halt textile and computer imports from Hong Kong and to impose other trade restrictions if China failed to honor its prior commitments.

China has vowed to scrap the British colony's current elected legislature and replace it with one supported by the central government. (Reuters, AP)



A South Korean student trying to pull a fellow demonstrator away from riot police during their protest Thursday against President Kim Young Sam's recent labor and national-security laws.

Kim Names Party Chairman

Ex-Prime Minister Returns to a High Post in Seoul

Compiled by Our Staff From Dispatches

SEOUL — President Kim Young Sam, in a surprise move Thursday, named a former prime minister he once fired for disobedience to become the new chairman of his party.

Mr. Kim, who was forced to apologize last month for a bribery scandal, also called on his governing New Korea Party to repent.

The naming of Lee Hoi Chang, 62, to the post raised the possibility that he would become the party's presidential candidate in an election in December. The chairmanship is the second-highest post in the party, after the president. Mr. Lee's appointment was seen by many as an endorsement by Mr. Kim of Mr. Lee's effort to win the party's presidential nomination.

Political analysts also said that by selecting Mr. Lee to try to improve the party's image, Mr. Kim could lose some of his power in the final year of his presidency.

Mr. Lee became prime minister in 1993 but was dismissed a year later after he clashed with the president over the extent of his powers. By standing up to Mr. Kim then, he appeared to have strengthened his reputation as a principled politician.

"Lee is the most difficult figure for Kim to handle," said Cho Chang Hyun, political science professor at Seoul's Hanyang Uni-

versity. "To some extent, Kim will have to share power with Lee. He is running out of options and he may be using his last card."

Mr. Kim's presidency has been buffeted by a bribery scandal involving the bankrupt Hanbo Steel Co. that ensnared three of his close aides and his second son. The president apologized on television last month for the scandal.

Mr. Lee urged the government this week to reopen an investigation into Hanbo, which collapsed with debts of \$5.8 billion in January. Opposition parties have called an inquiry by state prosecutors into the scandal a whitewash and are particularly incensed that it exonerated Mr. Kim's son Kim Hyun Chul.

An official who is close to the president said Mr. Lee now had a "clear advantage" in the maneuvering for the party's presidential nomination in the election scheduled for December. Mr. Kim's five-year term ends in February, and he cannot be re-elected.

Mr. Lee said at a party caucus, where his nomination was confirmed unanimously, that his most pressing task would be to ensure victory for his party in the election.

Voters this month returned opposition candidates to Parliament by large majorities in two by-elections, an apparent rebuke to the New Korea Party. (AP, Reuters)

Hindu Convert Is Chosen to Succeed Mother Teresa

By Kenneth J. Cooper
Washington Post Service

CALCUTTA — After two months of cloistered deliberations, the Missionaries of Charity selected a Hindu convert Thursday to succeed the ailing Mother Teresa as leader of the Catholic order she founded in Calcutta's slums nearly half a century ago.

The resolution of the succession issue will ease the order's transition to a future without Mother Teresa, the 1979 Nobel Peace Prize winner known to admirers as "the Saint of the Gutters" for her dedication to aiding the world's poor.

Mother Teresa, 86, received emergency care three times last year for heart and other serious health problems, leading her doctors and associates to say at times in recent months that the Albanian-born nun was dying. Friends said that her condition has improved enough lately to enable her to walk occasionally to prayer in the order's chapel at the international headquarters here.

In their near unanimous choice of Sister Nirmala, who had directed the

order's spiritual wing, 130 senior nuns seemed to have sought a combination of compassion and administrative skill to sustain a far-flung operation with 4,500 nuns and brothers at nearly 600 homes in more than 100 countries.

Mother Teresa had wanted to retire more than a decade ago, but the order rejected her anyway in 1984 and 1990. Her failing health prompted senior nuns to agree to choose a successor. For weeks, secret deliberations had been conducted on the top floor of the headquarters, where other nuns were not allowed to venture.

Archbishop Henry D'Souza of Calcutta announced their choice in a brief statement that said "Mother Teresa was present for the election and blessed Sister Nirmala." Nuns were heard rejoicing inside the order's headquarters, a concrete building with brown shutters known as Mother House, and garlands of flowers were delivered to the door down a narrow, swept lane.

Sister Nirmala, 62, had not been considered the most likely successor because she was not among Mother Teresa's four top assistants. She had

directed the order's spiritual wing since it was created in 1979, overseeing a dozen homes where the order's members seek spiritual rejuvenation.

Born a Brahmin, a member of Hinduism's highest caste, Sister Nirmala grew up in Bihar, one of India's poorest states. Her family traces its ancestry to Nepal; her father was a military officer. She completed college and joined the Missionaries of Charity in the late 1950s. Close associates frequently use the word "kind" to describe the new superior general, whose Hindi name means "clean," suggesting a purity of mind and spirit.

"She's very spiritual and very kind," said Edward Le Joly, a retired priest who has advised Mother Teresa for decades.

Naresh Kumar, a Calcutta businessman who has supported the work of the order, said that like its founder, Sister Nirmala "looks very small and frail, but has tremendous strength."

Another associate of Mother Teresa predicted that the change in leadership would inevitably lead to a decline in donations, but added that senior nuns were unconcerned about possibly hav-

ing to reduce operations. The Missionaries of Charity does not directly solicit contributions.

"Money isn't fundamental to this order," said Navin Chawla, an Indian government official who is one of Mother Teresa's biographers. "If the work is intended, the money will come in."

Instead of traditional habits, members of the Missionaries of Charity wear simple white cotton saris with blue borders. They are permitted to own only three of the saris and their eating utensils, with which they consume the same simple food that the order serves to the needy.

Mother Teresa founded the order in 1948 to aid the poorest of the poor, including orphans and lepers in Calcutta. The work of Mother Teresa has drawn support from Calcutta's Hindus, such as Mr. Kumar, as well as the city's Catholics, who number only about 100,000.

"The reason people give donations is because 100 percent filters through to the poor," Mr. Kumar said. "She helps everybody. She doesn't care whether they're Muslims, Christians or Hindus."



Leon Carmen, literary hoaxer.

Author Admits 'Aboriginal' Work Was Hoax

Compiled by Our Staff From Dispatches

SYDNEY — An "Aboriginal woman" whose autobiography won a prestigious prize created a furor Thursday by revealing that "she" is really a white man.

Leon Carmen, a 47-year-old Sydney man who admitted he wrote "My Own Sweet Time" under the name Wanda Koolmarrie, supposedly a part-Aboriginal woman who was kidnapped as a child from outback South Australia and raised by foster parents in Adelaide.

He said he did it because he did not believe it would be published if he submitted it under his own name. The book won an Australian Doobie Award for the best first novel by a woman in 1995 and was used as a text for senior high school examinations in 1996.

The book was described as an autobiographical account of one of the "stolen generation" of Aboriginal children taken from their homes and raised in the tough city culture of the mid-1960s.

Lydia Miller, arts director of the Aboriginal and Torres Strait Islander Commission, Australia's most prominent Aboriginal body, described Mr. Carmen's work as "trickery and deceit." She said she had accepted the 1995 award on the author's behalf because she believed the explanation that the author was overseas.

Last week, Elizabeth Durack, 81, a white artist, was accused of stealing indigenous culture when she revealed she had invented Eddie Burrup, an Aboriginal farm worker who won acclaim for "his" paintings, photographs and writings. (AFP, Reuters)

China Denounces Rights Monitors

Compiled by Our Staff From Dispatches

BEIJING — China condemned international watchdog groups on Thursday, saying they spread baseless rumors about its human rights record and hailed common criminals as fighters for democracy.

"Some so-called human rights groups abroad do not understand the real situation in China but frequently spread baseless rumors," said a Chinese Foreign Ministry spokesman, Cui Tiankai.

"They frequently treat some criminal elements as democracy fighters and use these problems as a pretext to infringe on the independence of China's judiciary and interfere in China's internal affairs," he continued.

Asked to comment on a threat by the wife of a jailed dissident, Liu Nianchun, to carry out demonstrations if her ailing husband was not

allowed to seek medical treatment, Mr. Cui said: "This is very wrong."

Mr. Liu's wife, Chu Hailan, wrote to the head of Parliament and Beijing's mayor on March 8, demanding that Chinese authorities allow her husband to see a doctor before the end of the month, said Human Rights in China, a group based in New York.

Mrs. Chu said she also sent 15 petitions to government leaders earlier this week, asking them to intervene to help her husband.

"I do not wish to see the illness of my husband worsen because of delays in medical treatment," she said in her letter.

Mr. Liu is serving a three-year sentence in a labor camp in Heilongjiang, 1,000 kilometers (625 miles) northeast of Beijing. The police can send people to labor camps without going through law courts. (Reuters, AP)



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Bombing in Xinjiang Reported

ALMATY, Kazakhstan — A Uighur exile group in Kazakhstan said Thursday that Uighur separatists in China's far western province of Xinjiang had carried out a bomb attack against a Chinese military installation.

The bomb was planted on March 10 in one of the buildings at an arms factory halfway between Urumqi and Kashgar, Mukhammad Mukhlisi, the spokesman for the United National Revolutionary Front of East Turkistan, said in Almaty.

He said buildings were damaged but did not know whether there were any casualties. He said his own organization was not responsible for the attack.

The Front is one of several Uighur organizations fighting for an independent "East Turkistan" in Xinjiang, home to a majority of Turkic-speaking Muslims like the ethnic Uighurs.

In February, rioting between Uighurs and the Chinese authorities broke out in Yining, near Xinjiang's border with the former Soviet republic of Kazakhstan. (Reuters)

Japan Nuclear Plant Gets Flak

TOKYO — Japan reacted with shock and anger Thursday to details emerging on the country's worst atomic accident, in which there were long delays in notifying residents of the crisis this week and outdated fire-fighting equipment was used.

The 37 workers exposed to mild radiation during a fire and explosion Tuesday at the Tokaimura nuclear reprocessing plant passed a health exam, but for the state-run plant's operators, there was no escape from the publicity fallout.

Politicians and nuclear safety officials joined the news media in subjecting the Power Reactor and Nuclear Fuel Development Corp. to criticism for

mishandling a potential disaster 160 kilometers (100 miles) from Tokyo. (Reuters)

Dispute on Khmer Hostages

CHONG DEY, Cambodia — Hun Sen, one of Cambodia's two prime ministers, said Thursday that intelligence reports indicated that 12 of the 15 government staff members held by Khmer Rouge guerrillas for the past month were dead.

But the first prime minister, Prince Norodom Ranariddh, disagreed, saying his military advisers had been in touch with the guerrillas Wednesday evening and determined that "all those people are not only alive, but in good health."

Mr. Hun Sen, speaking in the eastern Cambodian province of Kompong Cham, said, "There are only three people alive, including one pilot." He added that the fate of a British mine clearance expert, Christopher Howes, who was abducted by rebels nearly a year ago, was uncertain.

The 15 hostages, most of them from Prince Ranariddh's political party, Functipet, had flown by helicopter into territory held by hard-line Khmer Rouge guerrillas Feb. 14 to conduct negotiations on defections by the rebels. (Reuters)

VOICES From Asia

Cui Tiankai, a spokesman for China's Foreign Ministry, urged Taiwan to avoid harming reunification and ethnic unity during a visit to the island later this month by the Dalai Lama, Tibet's exiled leader. "Everyone knows what kind of person the Dalai Lama is. It is also obvious what his political motives are in going to Taiwan. Taiwan authorities should see the situation clearly and not do things that will harm reunification of the country and ethnic unity." (Reuters)



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EUROPE

For Zaire Rebels, a New Chance to Live Out an Old Dream

By Lynne Duke
Washington Post Service

GOMA, Zaire — More than 30 years after Zairian revolutionaries had their dreams of conquest crushed at a city called Stanleyville, some of the same men find themselves chasing the same dream and facing a crucial test in the same city.

And true to the echo of history now resounding through Zaire, the same man who thwarted these rebels 30 years ago is trying to stop them once again.

Stanleyville is called Kisangani now, and it is the focus of rebel efforts to overthrow Mobutu Sese Seko, a former military commander who has been the president of Zaire for 31 years. The veteran rebels — inspired by Patrice Lumumba, the first prime minister of Zaire (then known as the Congo) — have returned from long years of exile or from remote hideouts to become the brain trust of an insurgency that has set off fears of deeper chaos in this country or of its breakup into fractious ministates.

These latter-day Lumumbists, mostly middle-aged, even elderly, are vague about the kind of government they envision if their push to depose Marshal Mobutu succeeds. For now, in addition to gobbling up vast tracts of Zaire's eastern region, the rebel movement has been holding "political ideology" seminars for the populace.

The rebel rhetoric, with its talk of class struggle, the state as an instrument of oppression and the ignorance of the masses, in some ways harks back to the socialism, nationalism and Pan-Africanism that made Mr. Lumumba a hero to many anti-colonialist Africans and a demon to Western governments fearful of being trumped by the Soviet Union during Cold War jockeying in the region.

The rebel leaders of today grew up in Zaire's era of long-knife politics, when a volatile brew of parties, factions and ethnic groups vied for power after Zaire's sudden independence from Belgium in 1960.

Perhaps the best known of the post-independence fissures was the Belgian-backed rebellion in the southern province of Katanga, now called Shaba. A United Nations military force put down that rebellion in 1963, and the Congolese government's eventual embrace of the Katangan leaders and their mercenary allies enabled the government to defeat insurgents in Stanleyville — the men now pushing Zaire's current rebellion — the following year.

These survivors — mostly professionals and intellectuals who were second-string players at Stanleyville — still harbor deep animosity toward Marshal Mobutu and a burning desire to

overthrow him and, they say, to undo the damage of his corrupt regime.

"It's a pursuit of a fight that started in those years," said Raphael Ghenda, a Paris-educated lawyer who speaks for a rebel leadership bristling with anticipation and confidence as their forces encircle Kisangani, hoping to make it, once again, the "capital of the revolution."

"I am one of those who started this, and I am one of those to finish it," said Paul Kabongo, the rebel movement's security chief, who took part in the Stanleyville uprising.

The Lumumbists' cause, seemingly dormant for three decades as the Cold War died and superpower interest in Zaire waned, was catapulted back into the forefront of Zairian politics last year when the confluence of interests between these old revolutionaries and an eastern ethnic group, the Banyamulenge Tutsi, fostered the current rebellion. These Zairian Tutsi had been threatened with expulsion by Marshal Mobutu's government and, with the help of neighboring Rwanda's Tutsi-dominated army, organized themselves to fight back.

The two groups formed the Alliance of Democratic Forces for the Liberation of the Congo (Zaire).

In fighting that began last October, the rebels have seized a huge swath of eastern Zaire. Rebel forces have virtually surrounded Kisangani, the third-largest city in Zaire. They boast that



Hundreds of Rwandan refugees who abandoned Tingi-Tingi camp in eastern Zaire, arriving at Ubundu, south of Kisangani. The Red Cross said it would set up a site there to house 100,000 people fleeing the fighting.

they could take it any day. The rebel alliance is led by Laurent Kabila. According to some of his comrades here, Mr. Kabila fought in the Stanleyville uprising and hopes to return to that city in triumph. Between the 1960s uprising and the war that broke out last October, Mr. Kabila led a rebel movement in a region of eastern Zaire near the Lake Tanganyika towns of Fizi and Baraka

that also was home to the Banyamulenge.

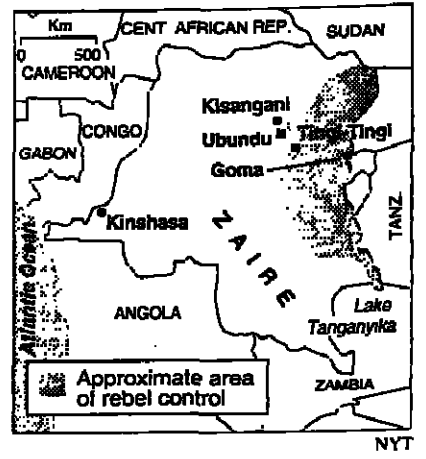
Mr. Kabila, now 56, was a youth leader in a Lumumbist political party during the last days of Belgian rule and the chaotic early years of the republic.

Mr. Lumumba, who became prime minister at independence in 1960, was one of the continent's most prominent Pan-Africanists, advocating black

struggle without dependence on European colonial powers or the United States.

His espousal of socialism and his anti-Western rhetoric made enemies in Washington, and although he sought U.S. cooperation he was rebuffed and ultimately turned to the Soviet Union.

Mr. Lumumba's death in 1961 under mysterious circumstances — but with



the suspected collusion of Marshal Mobutu and the United States — heightened the turmoil in Zaire. Parties fractured, friends became enemies and vice versa, and various enclaves emerged where rebels tried either to secede or set up alternative administrations.

In the case of Stanleyville, a Lumumbist bastion, mercenaries and Belgian paratroops flown in on U.S. aircraft enabled Marshal Mobutu's troops to put down the rebels' independence bid. Thousands were killed on both sides of the conflict.

True to historical form, Marshal Mobutu, now 66 and ailing, has called on mercenaries to help him again, this time to defend Kisangani rather than capture it.

Serbian and other European mercenaries reportedly have been deployed in and around the city to stave off the rebel threat.

Insurgents March On, Pushing Refugees West

The Associated Press

GOMA, Zaire — Rebels trying to topple the government said Thursday that they had captured another town in eastern Zaire, while thousands of refugees trying to escape the insurgents made desperate attempts to cross the Zaire River.

Rebel forces led by Laurent Kabila took Kongolo, about 660 kilometers (410 miles) southeast of the strategic river port of Kisangani, on Wednesday, according to a rebel spokesman, Raphael Ghenda. The rebels took Moba, a port on Lake Tanganyika, 360 kilometers southeast of Kongolo, a day earlier.

The rebels have captured much of eastern Zaire over the past five months.

But there was no news of the situation in Kisangani. Rebels claim to control access on three sides to the Zaire River city, and have been saying for more than a week that Kisangani would fall "soon." The Zairian government disputes those claims.

The United Nations World Food Program was to fly 60 tons of food into Kisangani on Thursday, said a spokeswoman, Michele Quintaglie. She said the plane would land at a smaller airport in town because the main airport

north of the city was "heavily militarized" and there could be problems at military checkpoints. Croatian and Bosnian Serb mercenaries, who appear to be in charge at the airport where the Zairian Army has its regional headquarters, have said the perimeters are mined.

Ms. Quintaglie said the food was intended for 70,000 Rwandan Hutu refugees who have straggled into a makeshift camp at Ubundu, 100 kilometers south of Kisangani.

Convinced that the rebels, who are out to topple President Mobutu Sese Seko, are also after them, tens of thousands of refugees were trying to cross the Zaire River at Ubundu. There is no bridge. Some ventured across on precarious bamboo rafts. Others pleaded with relief workers to ferry them across.

"We've got to cross that river, or it will be too late," said Samuel Uwimana, a Rwandan Hutu who fled his homeland in 1994. "It's not safe here."

No one knows how many Rwandan refugees are still in Zaire. An estimated two-thirds of the 1.2 million who originally fled in 1994 returned home late last year. The refugees left Rwanda to escape retribution for the Hutu government-orchestrated slaughter of a half-million minor-

ity Tutsi. Many of the refugees are members of the former Rwandan Hutu army and militia implicated in the slaughter. They have been fleeing westward ahead of the rebels since January.

■ Paris Presses EU for Intervention

France began a new attempt Thursday to persuade its European Union partners to support an international intervention in Zaire, but it appeared to have little prospect of success. Agence France-Presse reported from Brussels.

Senior Foreign Ministry officials from the 15 EU states met in Brussels to discuss the humanitarian crisis in eastern Zaire and French plans to establish an air corridor to get aid to more than 200,000 refugees who have fled camps after the rebel offensive.

Diplomats from other EU states said that they were ready to listen to the French proposals, but they added that anything that involved sending troops into the area would not win approval.

"We cannot contemplate any kind of force being sent unless there is a cease-fire," a British official said.

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VALENCIA, Tuesday, June 13 — Her job title read "Administrative Support" but for Rosa Barea of our Travel Service Office in Valencia, Spain, a more fitting title might have been "Administrative, Medical, Emotional and Moral Support."

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EUROPE

Russian Business Wars: The 'Invisible Hand' With Guns

By David Hoffman
Washington Post Service

Sergei Goncharov, an ex-KGB officer in the guard business, calls bandits the "fifth power" in Russia.

MOSCOW — Vasilii Naumov, head of a notorious Moscow gang, stopped his BMW 525 sedan with tinted windows near the Moscow police headquarters in the early evening of Jan. 23. Two bodyguards waited in a small Russian Zhiguli car just behind him.

Mr. Naumov answered his mobile phone. Suddenly, another car pulled up alongside him, an automatic rifle pumped 18 bullets through the side window and Mr. Naumov died behind the wheel, within meters of the police building.

The brazen killing underscored the seeming helplessness of the poorly paid, outnumbered Russian police. But Mr. Naumov's slaying was followed by an even more startling disclosure.

According to police investigators, the

bodyguards who were supposed to be protecting the gangster were themselves policemen, members of an elite paramilitary unit known as Saturn. They were guarding Mr. Naumov under a contract signed by their bosses for extra cash.

The episode is just one glimpse of a deepening and corrosive threat to Russia's young democracy and free-market economy: the breakdown of law enforcement and the proliferation of private armies and protection rackets prone to ruthless gangland tactics.

"In Russia, everyone acknowledges there are four powers — the executive, legislative, judicial and the mass media. But they don't speak of the fifth power," said Sergei Goncharov, head of a group of former elite KGB troops that now protects Russian businesses.

"The fifth power is the power of

bandits. And I would never put the power of the bandits in fifth place. In Russia, it seems the power of bandits is somewhere close to first, second and third."

The collapse of the Soviet Union in 1991 put immense riches up for grabs — vast deposits of natural resources, sprawling factories and lucrative businesses, including airlines and television networks, that the state had owned for decades.

But the massive transfer of property to private hands, a necessary step to create a free-market economy, has turned into a vicious struggle for wealth in which the rule of law has never been established. Former Soviet bureaucrats, factory directors, aggressive business people and criminal organizations have all made a grab for the bounty through insider deals, bribery and brute force.

The Russian economy has taken on an oligarchic structure, in which conglomerates, often allied with powerful politicians, compete for grand fortunes — and sometimes resort to violence.

Many leading Russian business tycoons say they want to put behind them this period of lawlessness.

Yet, faced with the current chaos, they are building private armies of security agents, bodyguards and commercial spies.

"There's a frightening war taking place," said Alexander Minkin, a muckraking journalist for the weekly newspaper Novaya Gazeta. "The private power structures have privatized everything."

"They've taken our industry, our land, and they've taken our security for themselves. If the security is protecting someone like Naumov, they have neither

the time nor money to protect me."

Mr. Goncharov, a 15-year-veteran of the KGB's once secret Alpha unit, said business people had little choice but to recruit their own private security forces.

"They do not trust the state," he said. "If they relied on the state, then you wouldn't see them riding around Moscow in a convoy."

Russia's capitalists have spent millions of dollars for protection. They have bought armor-plated cars, bomb sensors, hidden cameras, bulletproof vests, anti-wiretapping gear and thousands of weapons. They have recruited veterans of the Afghan and Chechen wars as their bodyguards.

But money has not bought them peace. Street crime is not the issue; it is contract killings.

In the last four years, said Vitali Sidorov, executive director of the Association of Russian Banks, 116 attempts have been made on the lives of Russian bankers and their workers. Seventy-nine of them were killed. He said the assassins and their clients had not been apprehended "in 80 to 90 percent of the cases."

As legitimate Russian businesses and foreign companies are forced to confront the underside of Russian capitalism, they often turn to the murky world of the Russian institution known as the *krysha*, which literally means "roof." As a slang word, it refers to a criminal protection racket, such as a gang that extorts money from a store owner.

But in Russia's wild post-Soviet capitalism, the concept of *krysha* has taken on another, much broader meaning. Almost every business in Russia — from curbside vendors to huge oil and gas companies, foreign firms, even mayors and regional bosses — pays for the protection service of some kind of *krysha*, according to security experts in Russia.

Olga Kryshnikovskaya, head of the department of elite studies at the Institute of Sociology, said that a *krysha* or, more broadly, as she put it, a "private power structure" is now an essential feature of large Russian corporate oligarchies.

Businessmen say they need the *krysha* because the laws and court system that regulate economic activity in other countries are not functioning in Russia. Post-Soviet civil and criminal codes have been approved but are often ignored.

Many companies call their *krysha* a "security department" and use it primarily to protect themselves from criminal extortion rackets. But experts say some companies use their security forces to intimidate competitors, enforce contracts, collect debts or take over new markets.

At the same time, for many smaller businesses a *krysha* is an unwelcome and "dangerous" protection racket run by organized crime syndicates, who use extortion and threats to extract payments.

Gerry Williams, marketing manager for O'Gar Security International Inc., which advises large companies on security, said the Russian style of protection is to frighten. Guards are trained to look menacing rather than discreet. "Some are just gorillas with their knuckles scraping the floor," he said. "We call them bullet-catchers."

Many of these guards are recruited from the former KGB and other military and police agencies.

"The top officers of the KGB turned up on the market, and bankers were happy to take them into their banks," Mr. Minkin, the journalist, said. "They are doing intelligence and counterintelligence. The big commercial structures thought, 'Why should I pay gangsters to protect me when I can create my own service so not a single bandit will approach me?'"

Rhetoric Spawns Terror, Dividing Italy Separatists

Venice Assault Comes as Party's Appeal Wanes

By John Tagliabue
New York Times Service

ROME — The eight men who stormed the bell tower in St. Mark's Square in Venice on Friday in support of secession for northern Italy appear simply to have put into action the program of the region's small but boisterous separatist movement.

But the episode came as the separatist movement, with its improbable challenge to Italian unity, is clearly losing ground even among the few ordinary northerners who supported it. This has led some analysts to see a growing and dangerous split between the movement's leaders, with their verbal appeals for secession, and scattered groups keen on transforming these appeals into reality.

"Is it possible that, as they took off on their assault of St. Mark's bell tower, they had been misunderstanding for years the message they were getting?" a commentator for *Corriere della Sera*, the Milan daily, said of the eight men.

Umberto Bossi, the leader of the Northern League, the main separatist party, denounced the men, declaring them agents of the government in Rome sent to discredit his followers.

But at separatist rallies over the weekend across northeastern Italy, evidence emerged of a grass-roots split, as followers of Mr. Bossi debated whether to

follow his interpretation of the incident or to show solidarity with the arrested men.

In the early hours of Friday, the men hijacked a ferry, used it to transport two vehicles to St. Mark's Square and then scaled the renowned bell tower there, where they unfurled a flag of the old, independent Republic of Venice.

Shortly after special police forces scaled the tower and, without firing a shot, arrested the men, messages began arriving at Italian news organizations from a group calling itself the Venetian Army of Liberation, demanding the release of the eight "prisoners of war."

Over the weekend, the police said they had detained two more men believed to be connected with the raid.

In Rome, government security officials said evidence had emerged in recent months of numerous cells of "radical secessionists" throughout northeastern Italy. And, indeed, the incident in Venice was only the latest in a recent string of assaults in the north on the authority of the central government in Rome.

In recent weeks, pirate transmitters have broken into the national television's news broadcasts, the Northern League established a shadow parliament and cabinet to govern the north, and in some areas there have been appeals not to pay taxes to Rome.

This month the movement plans a referendum in which northerners will be asked whether they favor remaining part of Italy or going their own way as a separate republic. Details of how the league intends to organize the referendum have not yet been announced, but it is generally thought that the organization will set up polling places in its offices and ask people to come in and vote.

After national elections last year, in which the Northern League won 10 percent of the popular vote — and as much as 40 percent in some of the region's wealthiest districts — Mr. Bossi hardened the movement's goals, dropping his calls for greater regionalism in favor of outright appeals for secession.

A cabinet to govern the mythical northern republic was formed, and paramilitary squads known as Green Guards began to appear at rallies.

In speeches, Mr. Bossi threatened to use his "troops." At a rally in March, he warned that they would parade this year in Venice, "perhaps with machine guns on their backs."

Despite the Northern League's presence in the national Parliament, Mr. Bossi refused to cooperate with the other established parties. When a commission was established for constitutional reform, including a decentralized structure for the state, Mr. Bossi refused to join.

But his defiance cost the movement support at the polls. Italians in such major northern cities as Milan, Turin and Trieste voted Sunday in the runoff of mayoral contests in which all Northern League candidates were eliminated in the first round of balloting last month.

Yet as the separatists' electoral base melts, strident centers of secessionist fervor emerge, as in the towns and villages surrounding the cities of Verona and Padua in the northeast that are home to the assassins of Venice.

A drive through the byways of the region reveals towns whose welcoming signs feature the words "Republic of the North." In bars and restaurants, conversation is often sprinkled with insults against southern Italians; at rallies of the Venetian League, the local branch of the Northern League, youths chant, "Kill a southerner, earn a million!"

But the episode in Venice seems to have shaken even Mr. Bossi, and over the weekend he was pledging to enter the constitutional discussions in Rome. But the regional empowerment he seeks may be slow in coming, and many warn that the events in the northeast could gain a momentum all their own.

Muslim-Croat Army To Get 116 Big Guns; U.S. Seeks 'Balance'

New York Times Service

SARAJEVO, Bosnia-Herzegovina — The United States says it will send the Bosnian Federation 116 large artillery pieces in an effort to bolster one of main weaknesses of the Muslim-Croat Federation and set the stage for the withdrawal of American peacekeeping forces from Bosnia by July 1998.

The federation army, made up of Muslim and Croatian elements, currently has six of the weapons, 155mm howitzers with a range of about 15 kilometers (9 miles) and tremendous destructive power.

Forging a unified Muslim-Croatian force strong enough to deter attack is a cornerstone of the United States' exit strategy. James Pardew, the American diplomat in charge of a \$100 million program to train and equip the Bosnian Army, announced the shipment at the Bosnian Defense Ministry in Sarajevo.

Washington says it is seeking to create a balance of forces in Bosnia-Herzegovina, where the Muslims were overwhelmingly outgunned for most of the war. Europe, however, is very critical of the American program, and some European diplomats said pouring more weapons into an already arm-rich region would only help rekindle a war.

Foreign diplomats and military monitors said the Bosnian Serb Army expected to receive modern artillery and tanks from Russia.

The federation army's strength will increase markedly with the addition of the new weapons and training, but it is impossible to determine whether it would then be an equal match for the Bosnian Serb Army.

The United States will also pay for 51 other slightly smaller artillery pieces to be manufactured in Bosnia for the federation.

The new artillery is to arrive by October, but it is not supposed to be under the control of Bosnian officers until American officials are satisfied that the federation army is sufficiently cohesive.

NATO Chief and Russian Discuss Accord

Reuters

MOSCOW — Foreign Minister Yevgeni Primakov of Russia and NATO's secretary-general, Javier Solana Madariaga, met Tuesday to try to conclude a pact on relations between Moscow and the Western alliance two weeks before its planned signing.

Hours before the two officials started their talks in Moscow, President Boris Yeltsin, in a clear response to public concerns at home, told Mr. Primakov to take a tough line with Mr. Solana.

The officials want a say in NATO decisions and guarantees that the alliance will not station troops or nuclear weapons on the territory of new member

states. Three former Soviet-dominated countries, the Czech Republic, Hungary and Poland, are seen as the most likely states to be asked to join when NATO meets in July.

NATO has said it has no plans to do so but is reluctant to give written guarantees, saying that would make the new participants second-class members.

Despite the NATO rebuff, some Kremlin officials say Mr. Yeltsin has already decided to sign the deal in Paris on May 27.

The officials suggest Moscow will keep up the uncertainty and anti-NATO rhetoric until the last minute merely to appease many opponents at home.

Britain Heads Back to Unesco

PARIS — Foreign Minister Robin Cook said Tuesday that Britain would rejoin Unesco, 12 years after it dropped out to protest financial mismanagement and a lack of commitment to press freedom at the UN agency.

"There is no very good reason to stay outside," Mr. Cook said at a meeting of the Western European Union.

He said Britain would resume its membership in the UN Educational, Scientific and Cultural Organization in the "near future."

Britain dropped out of Unesco in 1985, a year after the United States did. Washington complained that the organization was wasting money on ideology and anti-Western rhetoric and threatened to infringe on press freedom. (AP)

Turkish Papers To Sue Ciller

ANKARA — Turkey's powerful press group Aydin Dogan said Tuesday that it would file a defamation suit claiming \$7.5 million in damages from Foreign Minister Tansu Ciller.

In a public meeting in Istanbul on Saturday, Mrs. Ciller alleged that Aydin Dogan and another group, Sabah, were exercising monopolies and supporting business cartels.

The newspapers owned by the groups have denied the charges, called Mrs. Ciller "a liar" and accused her of "manipulating figures."

Mrs. Ciller has "tried to undermine our group's prestige," the Aydin-run newspapers *Hurriyet* and *Milliyet* said in front-page commentaries.

The publications have lately been highly critical of Prime Minister Necmettin Erbakan's governing coalition, in which Mrs. Ciller's conservative True Path Party is the junior partner.

On Friday, Justice Minister Sevtet Kacan of Erbakan's Welfare party, ordered magistrates to investigate eight journalists and two labor leaders, for allegedly "inciting" soldiers to stage a coup. The journalists all work for newspapers owned by Aydin Dogan and Sabah. (AFP)

Russia Reasserts Ownership of Art Seized From Nazis

Reuters

MOSCOW — Russia's deputy culture minister confirmed Tuesday that Parliament had overruled President Boris Yeltsin's veto of a bill that asserts Moscow's ownership of art works seized from Nazi Germany during World War II.

The minister, Mikhail Shvydkoi, said he did not know the exact voting figure in the upper house but said that about 140 members — well over the required two-thirds of the Federation Council — had voted to reject Mr. Yeltsin's veto. The opposition-dominated lower house of Parliament overruled the veto in March. The official results of the vote will be announced Wednesday.

Under the constitution, Mr. Yeltsin must sign the law within seven days. But Mr. Shvydkoi said the president would exercise his right to appeal to the Constitutional Court.

When he vetoed the bill, Mr. Yeltsin argued that it breached international law, would complicate Russia's relations with many states and could prevent Moscow from recovering artworks taken from the Soviet Union during the war.

But many Russians view the art as legitimate compensation for the wartime suffering of the Soviet people and for the many Russian treasures destroyed during the German invasion.

"The deputies often vote with their heart and not according to what the law says," Mr. Shvydkoi said. "Civil servants do not have the right to act with their heart and I hope that they will understand that this law does not comply with the Russian Constitution."



EAST-WEST EXCHANGE — Princess Sayako of Japan with President Jacques Chirac of France and his wife, Bernadette, outside Elysee Palace on Tuesday. The princess later inaugurated the Japanese Cultural Center in Paris.

Allegation Shakes Madrid Government

MADRID — Allegations that an aide of Prime Minister Jose Maria Aznar had used an authoritarian-style threat of imprisonment against a media executive threatened Tuesday to trigger the conservative government's first crisis.

Evidence of the soaring tension came when Jordi Pujol, leader of the Catalan coalition that shores up Mr. Aznar's year-old government, demanded an urgent meeting with the prime minister Friday to discuss recent developments.

Mr. Pujol's Convergence and Union coalition said it was seeking the meeting after reports that the government had threatened a Catalan-born media magnate, Antonio Asensio, with jail last year for deserting a government-backed digital-television consortium and joining a rival group.

Mr. Asensio, chairman of the private television channel Antena 3 and of the publishing concern Grupo Zeta, says

he was threatened shortly after signing a pact with the Spanish media conglomerate Grupo Prisa. (AP)

Catholic Father of 5 Is Slain in Ulster

BELFAST — A Roman Catholic man was abducted and slain Tuesday, apparently by Protestant militants, in the latest sign of the newly rising communal bitterness in Northern Ireland.

Fire-fighters found the victim lying with fatal head wounds beside a burning car abandoned near the predominantly Protestant town of Randalstown. In line with paramilitary practice, his killers appeared to have burned the car to destroy forensic evidence.

The police said the victim had been abducted, after a struggle, from an athletic club in the Catholic village of Bellaghy, 13 kilometers northwest of Randalstown, and shot through the head.

Bellaghy residents identified him as Sean Browne, a father of five in his 50s who was chairman of the local club for Gaelic sports, which have an exclusively Catholic following. (AP)

FRANCE: With Election Coming Early, Voters Stifle a Big Yawn

Continued from Page 1

state involvement and high state control must be replaced.

Following this reasoning, employment and growth can be restored here only by a near-cultural revolution, dismantling not only the rigid rules of the French labor market and state involvement in industry, but also an education and administrative system that has perpetuated both statism and a business mentality geared to state subsidies and short of initiative.

Prime Minister Alain Juppe revealed a trace of this approach in saying in a television interview that the Ecole National d'Administration, or ENA, the government finishing school for the French establishment, could disappear. But less than a day later, he reversed field and said that ENA should stay.

Mr. Juppe also cut short any notion of deep change in French life if Mr. Chirac's majority was re-elected by saying there would be no basic shift in economic policy.

This only came after Jean-Pierre Denis, the president's deputy chief of staff, had signaled just before the election was announced that an ideological turnabout was at hand, and an ally, Alain

Madelin, once Mr. Juppe's finance minister, was apparently given a green light to push the issue publicly.

"To enter the new world, we have to have the courage not only to call into question our mixed economic system, but also the statist model of organization and hierarchical decision-making that constitutes 'the French exception' but also French weakness," Mr. Madelin said, almost in tandem with Mr. Chirac's announcement of the election, a year before its constitutionally required date.

But this kind of language disappeared immediately from the campaign out of fear that the Socialists and the Communists would seize on it to accuse the majority of seeking to enlist France in the harder-edged capitalism of the United States, or Britain under the Conservatives. Short of any kind of new program or new goal, the circumstances left Mr. Chirac without any plausible explanation outside of political expediency for why he called the vote.

Beyond the electorate's disaffection, what remains has been described by Stéphane Rozes, an analyst for the CSA public-opinion survey group, as a "virtual campaign," one where the basic choices are obscured and both sides

avoid clearly exposing their positions. This has apparently softened early support received by the left and has given the majority, according to the polls, a palpable lead in the number of seats it is likely to win.

The situation of the Socialist Party mirrors that of the Gaullists to the extent that there are basic matters it just does not want to talk about, notably what role the Communist Party, with which it is loosely allied, would play in a Socialist-led government. Without any kind of rapprochement to the market-oriented attitudes of Britain's Labour Party, Lionel Jospin's Socialists have pledged the creation of 700,000 new jobs, with the government creating half of them, and a reduction in the workweek to 35 hours, from 39, without a loss in pay. Talk of new taxes is totally avoided.

With its left-wing unwilling to moderate, and its right unwilling to talk about the capitalist retelling it has contemplated but seems to dread, France has come up short of a debate that would have real historical significance. It was as if the country's political parties thought they could best bring about change, or maintain a program of none at all, by discussing it with the electorate as little as possible.

French Right Tries to Stamp Out a Heresy on Minimum Wage

Reuters

PARIS — France's center-right coalition sought to avert a potentially damaging dispute over the minimum wage Tuesday after a senior conservative politician broke a political taboo by saying it would disappear.

Rene Monory, speaker of the Senate and a former economics minister, told the magazine *Passages* that the minimum wage, backed by a broad left-right consensus in France, was pointless and an obstacle to jobs.

Asked whether he believed there would eventually be a minimum hourly wage throughout the European Union, Mr. Monory said: "Of course not. On the contrary, there will be no minimum

wage at all. In any case, I no longer believe in a minimum wage in France."

A spokesman for Prime Minister Alain Juppe's Rally for the Republic party distanced the coalition from Mr. Monory's remarks even before the leftist opposition and trade unions could pounce on them in the campaign for the May 25 and June 1 parliamentary election.

"To say we are in favor of abolishing the minimum wage is a calumny," said the Gaullist party's spokesman, Jean-Francois Cope.

Economists on the right often cite the 6,400-franc (\$1,120) monthly minimum pay for a 39-hour workweek as a

major barrier to employment in a country with a record 12.8 percent joblessness.

But conservative governments have never seriously dared to lower the minimum wage. When Prime Minister Edouard Balladur tried to introduce a lower rate for job trainees in 1994, he provoked huge street protests and withdrew the law. Mr. Monory said in the interview: "I am going to shock some, but it is better to pay someone 4,500 francs a month instead of 6,000 francs or to have a million young people unemployed."

"I far prefer limited-term contracts to no jobs at all," he added. "I would rather see a young person hired for two years than spending two years on welfare."

INTERNATIONAL

Clinton Offers Paris Compromise on NATO

U.S. to Endorse a New French-Led Force

By Joseph Fichten
International Herald Tribune

PARIS — In an attempt to reach a compromise with France over command of NATO's southern flank, President Bill Clinton's administration has agreed to back a plan for a new rapid-reaction force to handle crises on the southern rim of the alliance's territory — with France as the prime candidate to command the force, U.S. officials said Thursday.

The plan to create the force is the latest of several overtures, the officials said, designed to get France to withdraw its threat of halting further integration of its forces into NATO unless the U.S. admiral heading NATO's southern command in Naples is replaced by a European officer.

Pointing out France's growing isolation on the issue, Volker Ruhe, Germany's defense minister, has publicly sided with the United States in the quarrel over the command, saying that

French demands to have a non-American take over the post should be reconsidered in five or six years.

Without specifically dissociating himself from the official German line, which supports French calls for more European commanders at Naples and other NATO headquarters, Mr. Ruhe was quoted as saying that "Germany no longer supports the French position" calling for an immediate change.

Instead, Mr. Ruhe endorsed a recent U.S. proposal to put aside the Naples dispute for now, proceed with a planned reorganization of NATO commands and re-examine the Naples slot at some later date. In making the offer in Bonn recently, William Cohen, the U.S. defense secretary, said there could be no guarantee that Washington would relinquish the post even in a future review.

Although Paris has started playing it down, the issue still threatens to freeze the role of French forces in NATO unless President Jacques Chirac's demand for a change at Naples is accepted at a NATO summit meeting in Madrid in July.

While Italy and Spain have already broken ranks with France, a German official said Bonn remained "supportive of the French long-term goal," even though it had "accepted U.S. objections on modalities" while Paris had not. It is not the first time that Mr. Ruhe has used his authority on security issues to separate himself from Chancellor Helmut Kohl's almost unconditional support for French leadership on European defense.

The proposed rapid-reaction force, while a step down in the hierarchy from the regional headquarters in Naples, would offer considerable scope for France and neighboring allies to cement their military links in actual operations.

A similar allied rapid-reaction force under British command has played a leading role in recent NATO deployments, including one in Bosnia-Herzegovina.

The new force, probably to be based in Florence and built around components of France's mobile fast-reaction force, would concentrate primarily on potential crises in the western Mediterranean.

Bigger threats in the eastern Mediterranean, involving the Balkans, the Middle East and perhaps even the Gulf, would remain the business of NATO's southern command.

NATO: The Coming Debate

Continued from Page 1

istration's public relations campaign on NATO expansion. "We have a lot of work to do. There are lots of people both in Congress and in the public who have not given much thought to this issue."

Mr. Rosner's appointment as a special adviser to President Bill Clinton and Secretary of State Madeleine Albright is one of the steps taken by the administration to drum up support for expansion.

Mrs. Albright and other senior State Department officials will be addressing town meetings around the country in the months leading up to a NATO summit meeting in Madrid in early July, at which the list of candidates will be unveiled.

On paper, the administration should have little difficulty getting the required two-thirds majority in the Senate to ratify changes in the 1949 North Atlantic Treaty that established NATO as a front-line defense against the Soviet Union.

The Senate voted, 81 to 16, in July for legislation designed to encourage the early admission into NATO of Poland, Hungary, the Czech Republic and possibly Slovenia and Romania. The House passed a similar measure, 353 to 65.

In practice, however, the issue is not so clear-cut. Supporters and opponents agree that the debate will probably become more evenly balanced as the political, military and financial costs of expansion become more apparent. There is a big difference between largely declaratory resolutions on expanding democracy in the former Soviet bloc and a vote on extending the U.S. security umbrella to a new part of the world.

Senator Kay Bailey Hutchison, Republican of Texas and a leading skeptic, said: "This issue has not yet got onto the radar screen of the American people, and I think it would be a mistake to move on it until it has."

Under Article 5 of the North Atlantic Treaty, all NATO members are obliged to consider an attack against one or more of them as "an attack against them all." The article generally has been interpreted to mean that the United States would be willing to use its nuclear forces to deter and repel an attack on a NATO ally.

The principal argument in favor of NATO expansion is that it will provide a political anchor for the emerging democracies of Eastern and Central Europe. The administration points out that the region between Germany and Russia has been a flash point for this century's two world wars, and numerous local conflicts.

"It is our responsibility to make a convincing case that this is the best way to avoid a war in Europe in the 21st century," said the State Department spokesman, Nicholas Burns. "This is the biggest question in American foreign policy right now."

But opponents fear that expansion could create a new dividing line across Europe and a nationalist backlash in Russia, where NATO is viewed as the Cold War enemy. George Kennan, the dean of American Sovietologists, warned in an op-ed article in The New York Times last month that expansion could inflame "the anti-Western and militaristic tendencies in Russian opinion" and constitute "the most fateful error of American policy in the post-Cold War era."

Public opinion at large seems more supportive of expansion, to the extent that ordinary voters care about the issue at all. A report by the Program on International Policy Attitudes said that 62 percent of those polled favored including countries such as Poland, Hungary and the Czech Republic in the alliance, compared with 29 percent opposed.

In purely political terms, opponents of NATO expansion have an uphill battle to persuade a minimum of 34 senators to vote against ratification. Several of the idea's most articulate critics, including the former senators Sam Nunn and Bill Bradley, have left Congress. The opposition lacks an obvious leader.

"Foreign policy issues like this tend to be decided less by general public opinion than by highly organized segments of opinion," said an administration official. "All the pressure, in terms of organized pressure, is in favor of expansion."

While foreign policy thinkers like Mr. Kennan may stress the risks of isolating Russia, such arguments have relatively little resonance on Capitol Hill. If an anti-expansion coalition can be put together, it will probably include liberal Democrats opposed to spending more on defense and conservative Republicans skeptical of further foreign entanglements.



Police grouped in front of a roadblock at Tirana's airport, which was closed Thursday by Albanian authorities.

FUNDS: Uproar in the Capital; Indifference Out in the Country

Continued from Page 1

administration and party stand at the center of the furor, has lost little of its popularity in recent weeks, according to public-opinion surveys.

Everyone interviewed agreed that the reaction here has been a stir.

Michigan is one of those Middle Western states that has been pivotal in national elections for decades. It has strong industrial and trade-union traditions, bountiful farms, sprawling suburbs, a troubled big city (Detroit) and healthier small ones. It has a Republican governor, a Republican senator and a Democratic senator, a House delegation dominated by Democrats and a legislature where each party controls one house.

In short, it is a lot like the United States as a whole. Mr. Clinton took it by 300,000 votes in 1992 and upped his margin to 500,000 in 1996.

Douglas Fraser, the former president of the United Automobile Workers, said a few of his labor friends were concerned that the furor over campaign contributions "will weaken the presidency and with it Clinton's ability to do things that

they want him to do." But even that kind of self-interest, he suggested, tends to be overwhelmed by cynicism about politicians — "why don't they get down to work?" — and about journalists — "why don't they stop carping at everyone?"

As for himself, Mr. Fraser said, he views the problems in the Clinton administration as merely an extreme form of what has gone on for years: "Politicians get panicky when they're behind," he said. "They cut corners, they promise you and put the squeeze on."

The one phrase used again and again by the old hands here is "people think that they all do it."

"It's a reflection of the success of the Republicans, in a way," said Professor David Rohde, a political scientist at Michigan State University. "They've been trying to convince voters for years that government is the problem — Reagan's phrase — and that you can't trust politicians. Now people believe it, by and large. How can you expect people to be incensed when they view all this as simply more of the same?"

"If we lived in a different world, where people considered politics a noble

profession, and they thought most politicians were genuine public servants, then people would be outraged by scandals like the ones we're seeing and call for the heads of the bad guys. But not now, not in this world."

Lee Bollinger, the president of the University of Michigan, said that even on college campuses, "social idealism is dead or dormant, and a vast majority see the United States as king of the hill, at least for a while." This is a comfortable time to live for most people, he said, and they view this "as a time to make money, pad their 401k's, not worry about the poor."

In that way, said Charles Eisenhardt, a Michigan professor who used to be a foreign correspondent, the United States may be starting to resemble France. Long accustomed to the peccadilloes of their own politicians, the French could not understand what all the fuss was in the Watergate affair, and thought Americans a little nutty to bring down Richard Nixon, a president they considered talented.

"They thought Watergate was business as usual," he said. "Now we're getting world-weary like them."

ISRAEL: 7 Girls Killed by Jordanian

Continued from Page 1

But Jordanian officials insisted that the attack was an isolated act. They said 150,000 Israeli tourists had visited the country in safety since the former forces opened their border crossings.

Prime Minister Abdel-Karim Kabirani condemned the shooting as a "heinous crime" and pledged that the soldier, who was arrested, would be "prosecuted to the full extent of the law."

Since the signing of the peace treaty, King Hussein has been regarded as the Arab leader closest to Israel. Even before the treaty the two countries cooperated closely in security along their border, diplomats say.

But the king spoke out in his letter to Mr. Netanyahu, saying that Israeli plans to build homes for Jews around Jerusalem and to limit its next West Bank withdrawal to 9 percent of the land held made peace in the Middle East "appear more and more like a distant elusive mirage."

Yasser Arafat, the Palestinian leader, called Mr. Netanyahu after the attack to express his condolences, said Palestinian sources, who spoke anonymously. It was the first contact between them after several days in which Mr. Arafat refused to receive calls from the prime minister.

In Bethlehem, however, Mr. Arafat had harsh words for the Israelis.

Speaking to the Palestinian legislative council, he said there would be "no

peace without Jerusalem," adding, "Jerusalem is part of the occupied land."

"We cannot accept this unfairness and this aggression," he continued, condemning Israel's policy of settling in disputed areas as "a monster" that could "blow up the peace."

Mr. Arafat also appeared to suggest that the current crisis might lead to renewed violence. "All the options are open," he said. "We have to understand exactly the danger," he added.

Initial reports said the Jordanian soldier started firing from a watch tower, but Israeli television said he was in a Jeep.

The Israeli report said the assailant grabbed a weapon from a fellow soldier, shot him and then opened fire on the students 50 meters away.

He changed clips in his weapon and fired more shots before he was overpowered by other soldiers, who shouted "Madman! Madman!" at him.

The soldier, identified as Lance Corporal Ahmed Youssef Mustafa, 22, opened fire while about 80 students stood on a grassy hill on the island of Nabarayim. A sign at the entrance reads "The Island of Peace."

The island, 95 kilometers (60 miles) north of Jerusalem, is a tourist attraction because of the view it offers of Jordan, Syria and Israel.

Israel has controlled the island since the 1948 Mideast war, but returned it to Jordan under the 1994 peace accord.

Israel continues to lease land there for



A survivor of the Jordan River shooting being comforted while she wept.

agriculture and Israelis have free access to the island. (AP, Reuters)

Building to Begin

Israel will break ground for a neighborhood in East Jerusalem next week despite worldwide condemnation, a cabinet minister said Thursday, according to The Associated Press.

The United States reportedly asked

Mr. Netanyahu to delay the start of construction in hopes of averting a collapse of the Israeli-Palestinian peace process.

Israel has decided to go ahead with the construction of 6,500 apartments in an area called Har Homa by Israelis and Jabal Abu Ghneim by Palestinians.

The Palestinians, who want to establish a capital in East Jerusalem, have warned of an uprising if construction begins.

BEG: Even India, Inured to Poverty's Woes, Shudders at the Tale of Berhampur's Children

Continued from Page 1

For months, and in some cases for as long as five years, the children worked 15 hours or more a day, soliciting money on the streets of Jidda, Riyadh and Mecca. Alongside children who were similarly recruited from Bangladesh, Pakistan and Sri Lanka, among other countries with large Muslim populations, they were often able to amass as much as 75 Saudi rials — about \$20 — a day, from which the touts would give them a few rials' pocket money.

Indian officials say they have no way of knowing how many more Indian children may have been caught up in the scheme, or even whether some may have been taken to Saudi Arabia and later disappeared. The officials say that examinations by government doctors show the children returned have shown no evidence of sexual abuse, though some show signs of having been beaten.

Although the officials say they believe the scheme began at least 15 years ago, they say they knew nothing about it until Saudi police began swooping down on some of the Indian children late last year, putting them in detention centers and then on flights home.

Officials say they were not told the children were coming until the planes carrying them landed in Bombay, and that it was then that interviews with the children revealed that all of them came from Berhampur, 200 kilometers (125 miles) north of Calcutta in India's northeast.

Many of the children, including Kabirul, who spent 10 months in Mecca, speak of the experience now with an element of wistfulness.

According to the children's accounts, they spent long hours playing and hanging around in dormitories rented by the touts when they were not out begging in the streets, a routine Indian officials said may have been less harsh than the hardships lives the children lived at home.

Kabirul, scampering into the welfare director's office and hauling himself up onto a chair, said the children had been reluctant recruits.

"We didn't want to go, but our parents handed us over to the touts, so we had to go," he said.

Traveling by rail to New Delhi, a 36-

hour journey, and then by air to Jidda, the boys were homesick at first, Kabirul said, but soon settled down. "I thought of my mother and my brothers all the time," he said.

"But then we began to enjoy ourselves. But when they arrested us, it wasn't fun anymore."

For many Indians, the fact that most of the children find little to complain about hardly lessens the chagrin they feel over the affair.

"It's shameful, but inevitable, too," said Ipsita Gupta, head of the Juvenile Welfare Board in Berhampur, who has overseen the care of the children since they returned from Saudi Arabia and worked with the police to identify the youths' parents, not easy in a district with a population of more than 5 million.

Miss Gupta attributed the scheme to

the poverty in the villages around Berhampur, but also to something else. "Partly, it's a matter of necessity, but also of greed," she said.

According to police inquiries, the touts' payments to the parents depended mainly on the children's physical condition, with higher amounts paid for the most severely disabled, on the assumption that they would collect greater sums on the streets.

Of the 48 boys who returned from Saudi Arabia in early March, 32 were disabled. In two earlier batches of 76 girls who were flown home, 11 were

by a single parent. In Kabirul's case, his father's death six years ago left his mother struggling to support her family from the produce of a tiny village plot.

Many mothers said they or their husbands could earn only 20 rupees a day, about 60 cents, from menial jobs like casual labor and working in riverside laundries, with costs of at least 50 rupees a day to support their families.

"I was having trouble supporting my family, and so I did this shameful thing," said Habiba, a 40-year-old mother who wept as she passed through the welfare center's gate with Jamal Hussein, her 13-year-old son, who had been in Mecca with Kabirul.

In Habiba's case, the temptations from the touts were the greater because, she said, Jamal was one of two boys in her family who had been disabled by polio, an affliction that in India shows the highest incidence of any nation.

Compounding her misery, Habiba said the 12,000 rupees promised her for her son, about \$340, was never paid. "They cheated me, took away my son and left me with no money," she said.

Officials in Berhampur have been instructed to round up the ringleaders of the begging scheme. Already, four of the suspected touts have been arrested and charged with offenses that include kidnapping, conspiracy, forgery and cheating.

But Miss Gupta, the child-welfare official, said local politicians were deeply involved in the scheme, and would frustrate all efforts to stop it.

"They say 'We must stop this!' But their promises will not be fulfilled," she said.

ALBANIA: Country in Anarchy

Continued from Page 1

selves to automatic weapons and wooden crates of ammunition.

By early afternoon, an eerie quiet punctuated by frequent gunfire settled over the shabby city as some people barricaded their stores and others dragged 50-kilogram (110-pound) sacks of flour onto bicycles and pedaled home in terror.

Popular armed uprisings, rooted in fury at failed financial schemes that the people believe the government sponsored, swept across southern Albania in the last two weeks and spread to the north, the home region of Mr. Berisha several days ago.

The capital had seemed relatively insulated from the anarchy. It was believed that here, at least, Mr. Berisha had a vanguard of strong and loyal forces to protect it.

But Thursday in Tirana, like elsewhere in the country, the ragtag army, where salaries are \$2 a month, and the corrupt police force melted away when the weapon storehouses were flung open.

Albanians themselves were unsure whether to call the violence a civil war, a revolution or a popular uprising.

In Tirana, there was a strong sense that the arrival of civilians Thursday was organized by Mr. Berisha, once a high-ranking Communist, and a handful of remaining loyalists from his hometown in the north. According to several opposition leaders, Mr. Berisha deliberately created the upheaval as a way of ensuring that he stayed in power.

But whatever the nature of the disorder, very little good was expected to come of it.

Unlike other former countries of the Soviet bloc — such as Poland or Czechoslovakia — Albania, a Balkan nation that borders Greece, Macedonia and the Serbian province of Kosovo, has no democratic tradition to fall back on. The armed anarchy here bears no resemblance to the peaceful overthrow of communism in Eastern Europe and the evolution of democratic market economies.

"Albania is going to be in a prolonged crisis," said a Western diplomat who knows the country well. For Italy and Greece, the disintegration of Albania, even with its relatively few 3.2 million people, brings the threat of refugees. Late Thursday, an Albanian naval vessel berthed at the Italian port of Bari, and the armed soldiers on board demanded asylum.

BRIEFLY

Oil Workers Seized In Nigeria Dispute

PARIS — Nigerians have seized a barge carrying 90 people, including 16 French citizens, three British subjects and an American, as part of a dispute over jobs, the French oil pipeline company ETPM said Thursday.

A spokeswoman for ETPM in Paris said the barge was ambushed on the Escravos River by a tribe that is a rival of the 500 Igbo tribesmen working for the company.

ETPM employs all the foreigners on the barge, which was halted in the marshy Warri region along Nigeria's southern coast. No identities or hometowns were released.

Seventy Nigerian employees were also on board, according to ETPM. The company said it did not believe that the lives of the barge passengers were in danger, citing a similar incident in December that ended peacefully. (AP)

Burundi Sees Plot To Kill Tutsi Ruler

BUJUMBURA, Burundi — Burundi authorities said Thursday they were investigating a plot to kill the country's military ruler, Pierre Buyoya, and at least four people were killed when their cars hit anti-tank mines in the capital.

It was not immediately clear if the mine explosions Wednesday night in Bujumbura were linked to the announcement of the plot to kill Mr. Buyoya, a Tutsi. Five people have been arrested in connection with the alleged plot.

An army spokesman said he suspected that Hutu rebels or extremists in Tutsi, opposed to the possibility of talks with the rebels, were behind the explosions. (AP)

Colombian Court Voids Emergency

BOGOTA — President Ernesto Samper of Colombia suffered another major setback when a high court said he had no business ruling by decree over management of the country's economy.

The Constitutional Court, in a 6-to-3 vote Wednesday night, struck down all 16 decrees issued by the government under terms of an economic emergency declared in January on the grounds that they were unconstitutional and that the emergency could have been avoided.

The ruling came just hours after the government heralded approval of the economic emergency by both houses of Congress as a move that would help it cut a fiscal deficit that ran at 4 percent of gross domestic product last year.

Finance Minister Jose Antonio Ocampo said the government would now seek to win congressional approval of all the measures it announced in January. (Reuters)

EDITORIALS/OPINION

Herald Tribune

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Korean Turnaround

The path from dictatorship to democracy, now being attempted by so many nations, turns out to be long and tortuous even in the best of cases. A single election and a new constitution provide no guarantee; patterns of behavior, institutions, methods of education and mind-sets all have to change. South Korea's democracy is better established than most, yet that Asian nation took a giant step backward 11 weeks ago — and caught hell for it, at home and abroad. Now it has taken two steps forward. The progress, showing that South Korean democratization remains essentially on track, deserves just as much attention.

The trouble started the day after Christmas, when President Kim Young Sam assembled his ruling-party legislators in a secret location to ram through new legislation on labor relations. In six minutes, while opposition congressmen slept, the bill was approved. Mr. Kim, a dissident during his nation's era of military dictatorship, also won approval for revival of a draconian internal security law that the dictators had used to persecute him and his allies. Opposition parties and labor unions howled, but President Kim vowed to stand firm.

Weeks of strikes, protests and condemnation, however, proved too much. Mr. Kim agreed to allow the full Parliament, including opposition legislators, to reconsider both pieces of legislation. The internal security de-

bate is still to come, but this week a new labor law was approved.

The original bill gave employers the right to fire workers, a radical departure in a nation wedded to the lifetime-employment system. President Kim argued, persuasively, that South Korean firms need more flexibility to compete in the world market. But the bill at the same time reneged on South Korean promises to permit freedom of assembly and the workers' right to organize.

The compromise legislation postpones for two years employers' right to lay off workers. It is mixed, too, on freedom of association. It legalizes South Korea's umbrella organization of independent unions, ending an era when only one official union could operate. But it does not remove a ban on "third-party interference" in labor disputes, a measure that the government has used to severely restrict freedom of expression in labor matters. It is not, that is, an ideal result; South Korea would have been better off if its employers had won the flexibility they need and labor had won the right to organize freely in response.

In this case, though, the restoration of democratic process is more important than the details of the compromise, which ideally will be followed by further reform. Mr. Kim tried to get things done the old way, the generals' way. South Koreans showed that they won't stand for that anymore.

—THE WASHINGTON POST.

Mideast Challenge

The frustrations and risks of the Middle East peace effort are vividly reflected in the anguished letters exchanged this week by King Hussein and Prime Minister Benjamin Netanyahu. The progress of peace is neither as meager as King Hussein complains nor as impressive as Mr. Netanyahu suggests, but the peace effort has arrived at another crucial juncture.

A good deal has been accomplished since last September's eruption of violence and near breakdown in the peace effort. Israel and the Palestinians reached agreement on Israeli troop withdrawals from Hebron, a timetable for further pullbacks in the West Bank and the rescheduling of substantive peace talks. Unhappily, a new crisis has now developed over a Jewish housing project in Jerusalem and the scope of the first West Bank pullback. Yasser Arafat and Mr. Netanyahu need to step back and recover a larger vision.

Ideally, they should talk directly, and regularly. But given their apparent inability to do so, the United States must step in more actively to shepherd the peace. The Clinton administration is right to send a representative to an international diplomatic briefing that Mr. Arafat is convening in Gaza City this weekend to listen to his frustrations.

The transfer of control in Hebron went surprisingly smoothly. Last week's decision by Mr. Netanyahu to place another 9 percent of the West Bank under full or partial Palestinian control, although rejected by Mr. Arafat as insufficient, was a reasonable first installment on Israel's obligations un-

der the Oslo agreements. These provide for a series of three phased Israeli troop withdrawals to be completed by mid-1998. By then all West Bank territory except for settlements and military locations specified by Israel will be under Palestinian administration.

The Palestinian rejection, and King Hussein's angry letter to Mr. Netanyahu, were provoked less by the numbers than by the manner in which the decision was handled. The withdrawal plan followed the decision to move ahead with a Jerusalem housing project that would cut off Arab areas of the city from adjoining sections of the West Bank. Mr. Arafat worked hard to prevent Palestinian protests over the new housing plan from turning violent. In return, he reasonably expected some gesture of consultation, or even a hand of partnership, in the Israeli troop withdrawal announcement. Instead he got cramped explanations about how Oslo permits Israel to make all decisions about the scope of these withdrawals on its own. Still, Mr. Arafat has not helped matters by his refusal to accept control of the additional territory and by suspending all contact with Mr. Netanyahu's representatives.

Domestic calculations sometimes influence the two men's decisions. Mr. Netanyahu works constantly to appease right-wing parties in his coalition. Mr. Arafat feels obliged to indulge more radical lieutenants. But both men have demonstrated that they can overcome these obstacles to peace. They must do so again.

—THE NEW YORK TIMES.

An Unusual Winter

The New England winters of 1995 and 1996 had an old-fashioned rigor — plenty of snow and temperatures cold enough to make life before central heating look improbable. So far, and with only a few days remaining, this winter has lacked that elemental sternness. The bitter weather that stupefied the Plains states has largely bypassed New England. Once or twice snow has fallen, but to little purpose. What made this winter unusual was ice.

In a truly hard winter, ice is something of a scarcity. It appears in all the predictable spots — on rivers, lakes and ponds — but it is often abraded by wind or covered by drifts. The snowpack in a frigid winter feels almost arid, and moisture is locked up tight. Not so this winter. Days were warm, nights cold, rain almost as likely as snow. Every afternoon the world liquefied a little, and every morning the world was freshly plated in ice.

The roads were not the problem. Dead level, uncrowded roads are rare in New England. But during January and February, in the Berkshires and small towns along Route 101 in New Hampshire, every parking lot or driveway seemed to be a catch basin for the sur-

rounding hillsides, which meant that every parking lot or driveway was a sheet of ice. When the surface melted in the afternoon, it engulfed the sand spread on it the night before, and spreading salt, like tempering steel, seemed merely to create a superior grade of ice. All across New England, drivers walked to their vehicles in a gingerly manner, only to find themselves stuck on slick, level pavement. Some tried to ease off the ice. Some tried to burn rubber right through to the asphalt. One thing is certain. In a frictionless universe, nearly everyone would be irascible.

The ice was not without its beauty, although most people had had enough by mid-January. Out in the fields, where the hollows filled with water and froze over, strange vacancies interrupted the continuity of the landscape. On Dublin Lake, in New Hampshire, it was possible one rare Arctic morning to watch a stiff west wind stifle the closing ice, the whitecaps freezing even as they blew onto a stiffening shelf of frost. But now the robins are in the yard, which is bare of snow, and the moles are tossing up fresh dirt. Traction has returned.

—THE NEW YORK TIMES.

Time for an India-Pakistan Rapprochement

By Ramesh Thakur

CANBERRA — India and Pakistan reach half a century of independence this year. In that time they have fought three wars against each other, plus a proxy conflict over Kashmir that has killed around 20,000 people.

International interest in the two country's relations is engaged because India is the world's most populous democracy, Pakistan is a pivotal Islamic country, both are liberalizing their economies, and their collapse would produce a humanitarian tragedy of unimaginable magnitude.

After his sweeping victory in elections in Pakistan last month, Prime Minister Nawaz Sharif said he wanted to revive peace talks with India to "resolve our problems and move towards prosperity." He said subsequently, after pressure from military hardliners, that any final settlement with India was conditional on an end to New Delhi's "repression" in Kashmir, total withdrawal of Indian troops, and a free and fair plebiscite under UN auspices. India's Prime Minister H.D. Deve Gowda responded by saying that he was ready for "wide-ranging comprehensive talks on all issues." But he added that Kashmir was an inseparable

part of India, although he was willing to discuss "minor adjustments."

The talks are due to start on March 28. They will not be easy. Yet the time may now be right. There is war weariness in both countries. Pakistanis wonder whether Kashmiris are really fighting to the death for independence; Indians are starting to realize the depth of Kashmiri alienation from Indian rule.

Mr. Sharif's political constituency is the industrial and entrepreneurial class, which is interested in establishing economic ties with India. According to a survey conducted by a Karachi newspaper, an overwhelming majority of people in Pakistan's metropolitan areas support closer relations with India.

Exchanges involving poets, singers and film stars are commonplace and draw enthusiastic audiences. Business delegations receive warm receptions. Satellite television has brought home the common cultural traits and civilizational roots. Embryonic peace movements in both countries are trying to reach out to each other.

New Delhi has seemingly ridden out

the seven-year insurgency in Kashmir, while international support for Pakistan is declining. India has improved relations with Bangladesh and Nepal. It is exploring ways of drawing closer to Sri Lanka. Meanwhile, Pakistan is concerned about an Iran-India axis to contain the Taliban surge in Afghanistan.

After the disintegration of the Soviet Union, China no longer fears collusion between Moscow and New Delhi. Apprehensive about a rising tide of Islamic extremism, China found common cause with India in combating it in areas along their common borders. India has muted its territorial dispute with China. Instead it emphasizes a growing web of political and economic links.

Reflecting such developments, Beijing has advised Mr. Sharif to emulate the Chinese-Indian model and shelve the Kashmir dispute while improving relations with India.

U.S. policy toward South Asia has also evolved. The Soviet collapse removed a perennial irritant in Indian-U.S. relations. Events in Afghanistan and Central Asia have stirred up shared fears in Washington and New Delhi about Islamic fundamentalism. With

the Cold War over, Pakistan lost strategic value to the United States.

India has begun to move toward a market-oriented economy which needs American capital, trade and technology. The United States, too, has advised Pakistan to cease support for the insurgency in Kashmir and seek a rapprochement with India.

Mr. Sharif's options are circumscribed by the army. Mr. Gowda's are narrowed by democratic politics. Preoccupied with keeping his 13-party ruling coalition intact, he fears being accused by political opponents of selling out to the country's arch-enemy.

Mr. Sharif's huge majority in Parliament gives him a freer hand. But as the larger country, India should take the initiative by continuing to liberalize bilateral trade and tourism.

Both countries should seize the opportunity for rapprochement. Consider the prospect if 50 years of antagonism were to be followed by 50 years of partnership and shared prosperity.

The writer, head of the Peace Research Center at the Australian National University, contributed this to the International Herald Tribune.

The West Can't Just Stand By While Albania Self-Destructs

By Flora Lewis

PARIS — Warning: The uprising in Albania is not what it appears to be on television. It is in no way comparable to recent mass popular protests in Serbia and Bulgaria. Instead it is the signal that the country is on the verge of civil war or total collapse, a frightening prospect for Europe.

There isn't much chance that the latest formula for compromise, achieved by Western pressure and mediated by Italy, will restore reasonable calm. President Sali Berisha has agreed to name a coalition government and call internationally supervised elections in June. But the insurrectionists in the south demand that he go, although they have little defined leadership and there is no visible alternative government that could bring order.

Ismaïl Kadare, the widely respected, now expatriate Albanian writer, calls for "international arbitrage," a force "not of repression but interposition" until spirits cool. Attacking foreign indifference, denigration and "savagery" home-based self-denunciation, he complains nonetheless that the

"miserable little country" has "no protector, unlike most of its Balkan neighbors."

Albania is a little country with an awful history, officially of 3 million people; but so many have left that the population may now be closer to 2 million.

More ethnic Albanians live on its borders, in Serbia's brutally repressed province of Kosovo, in fragile Macedonia, in anxious Greece. Italy is deeply worried about a wild onslaught of desperate refugees, and the whole tenuous Balkan peace is at risk.

Once again, as after the collapse of communism in 1991, there seems to be an orgy of destruction as people unleash their fury at authority, looting and ravaging not only army and police installations but schools, town halls, libraries, factories. In the south, where the insurrection began, the army has disappeared and the people are over-armed.

There are both a traditional ethnic antagonism between the south and the north, home of Mr. Berisha's clan, and effec-

tive residues of the fierce 45-year Stalinist period, with the ex-Communists (now called Socialists) strong in the south, thoroughly engaged with a large mafia and bands of thugs.

An exile who spent 30 years in the Stalinist prisons and labor camps says so many of the country's educated people who would be the natural leaders died or were driven abroad that all conscience was extinguished.

When that regime ended, Mr. Kadare also says, "a materialist rage and unprecedented corruption exploded." The Western embargo on Serbia helped fuel the money madness, making smuggling of arms, goods, drugs so profitable that people saw little point in working even if there had been jobs, or in tilling their fields.

It was in this context that the mania for the pyramid schemes promising easy money developed. "People don't believe in anything anymore," the exile said, "but they did insist on believing in the get-rich-quick frauds" whose sudden collapse sparked the insurrection.

There have been similar schemes in Russia, Eastern Europe and Egypt, where they called themselves "Islamic banks" offering profits rather than forbidden interest. They didn't produce the same effect, because the failures were caught before they went too far, and because of Albania's uniquely ravaged social climate.

It was always a poor but proud and feisty country. But the Communist dictatorship, total isolation and paranoia about spies and foreign invasion left it centuries behind the rest of Europe.

People still walk many miles along its rugged mountain roads bent double under loads of fags, they collect in the woods as their only fuel. There are regions of spectacular natural beauty, largely untouched. One area in the north resembles the awesome Three Gorges on the upper Yangtze in China. But even the donkeys and cows look impoverished, stunted.

There is little point in the knee-jerk suggestion of some in the West to halt foreign aid until the government accepts foundations for real democracy. But

neither is it easy to deliver aid in any way that has a chance of being effective.

The country is caught in a tragedy largely of its own making, with layer on layer of historical obstacles and ancestral hostility to neighboring Serbia and Greece blocking a rational way out.

Too many disorganized people are already too heavily armed to make dispatch of a Haiti-type temporary force sufficiently low-risk to meet current Western requirements.

But Albania can't be ignored any longer, not only out of sympathy for its plight but also because it is a danger for the neighborhood.

It is a base for drugs, crime, potentially terrorism, as well as regional instability. Too bad the world hasn't yet developed some kind of peace and order uterage mechanism to give Albania a chance to catch its breath and make a fresh start.

To begin, it is essential for the United States and Europe to form a concerted policy that would give hope and encourage emergence of honest leaders.

© Flora Lewis.

Netanyahu's Predicament: Swim On or Get Out of the Water

By Thomas L. Friedman

NEW YORK — During the Hebron negotiations, a key demand of Benjamin Netanyahu was that the Palestinians draw up a new charter that would explicitly define their relationship with Israel. But it is not only Yasser Arafat who needs a new charter.

Prime Minister Netanyahu needs one, too, because too many people don't know where he's heading. How can you get behind him, they ask, when you don't know where his front is?

The fact is, by embracing the Hebron deal and the Oslo formula of trading land for peace Mr. Netanyahu has ripped the guts out of his Likud Party, which has always stood for re-

taining all of the Land of Israel (including the West Bank).

His move on Hebron was critically important and widely supported by a solid Israeli majority, but it had a devastating impact on his party. Or, as former Prime Minister Yitzhak Shamir said the other day of Mr. Netanyahu: "The fact is he is working against the principles of the Likud. He has no principles at all."

He has broken with much of Likud ideology, but for personal and political reasons he doesn't want to acknowledge that. So he has the worst of all worlds. First he moves forward

on Hebron, and loses the trust of Likud ideologues, and then he tries to compensate by moving backward, and loses the trust of his Arab negotiating partners.

It's as if he left one bank of the Rubicon but hasn't crossed to the other. He's dog-paddling in the Rubicon.

Because neither the Palestinians nor the Israeli right know where he is heading, they turn every little thing he does, or doesn't do, into a big strategic issue. When you don't know where someone is on the big things, every little thing counts.

If Palestinians or King Hussein of Jordan were confident

about Mr. Netanyahu's intentions, his decision to withdraw from 9 percent of the West Bank in the first phase of redeployments might be satisfactory. But when you think that this 9 percent might be all you're going to get, it seems insulting.

Also, because he refuses to acknowledge that Likud ideology is defunct and needs redefinition, he tries to prove himself to his party faithful in other ways. His strategy is to turn Jerusalem into a substitute for the West Bank, saying, in effect, "Yes, I may be giving away some of the crown jewels in the West Bank, but I will compensate by making some symbolic gestures in Jerusalem."

So he approves a new Jewish neighborhood in Har Homa, orders the closing of some Palestinian offices and confiscates more Palestinian identity cards.

In other words, no sooner does Mr. Netanyahu make history in Hebron than he turns around and denies to his party faithful that he has done anything at all, and he undertakes actions in Jerusalem that give the most hostile Arabs a new excuse to rebuff him and the most friendly an embarrassment.

Mr. Netanyahu is fond of telling Americans that he is the only Israeli politician today who can build a majority in Israel that can take Oslo to its logical conclusion. I think he is

right, and if he is ready to do it, God bless him.

But he can't do it without building a new centrist coalition with a realistic peace map — one that offers the Palestinians a credible basis for a final settlement and that irrevocably breaks Mr. Netanyahu's links with the far right of the Likud so that he won't need to pacify them with symbolic gestures that only destabilize the peace process.

We know from the Hebron deal that a solid 75 percent of Israelis want to see the peace process go all the way. But Mr. Netanyahu can lead them only if he breaks with the 25 percent who don't. Unfortunately, that means finally breaking with part of himself.

"Netanyahu's dilemma is that he is the only man who can deliver the 75 percent majority for Oslo, but to deliver it he has to deny his own political identity," said the Israeli political theorist Yaron Ezrahi, whose new book "Rubber Bullets" provides the best insight into the epic shifts now taking place in Israeli politics.

Either Mr. Netanyahu breaks with his past and becomes a man of history, or he continues to choose not to choose and becomes a man of tragedy — who will best be remembered for having drowned halfway across the Rubicon.

The New York Times.

Streamline the State Department

By Thomas McInerney and Stanley A. Weiss

WASHINGTON — On one side is Bill Clinton. He wants the U.S. Senate to ratify the Chemical Weapons Convention, a model agreement which bans the production and use of chemical weapons. It is supported by a "Who's Who" of former officials and military leaders and has been signed by roughly the entire civilized world.

On the other side is Jesse Helms, chairman of the Foreign Relations Committee. He wants to reorganize the State Department and has vowed to keep the chemical convention bottled up in his committee until this is agreed upon.

Mr. President, Mr. Helms, it is time to make a deal!

Both sides — and the American people — would come out winners if the Senate voted to ratify the convention and the State Department streamlined its operations. Here are three ways to improve the business of diplomacy.

First, cut back on assistant secretaries. The State Department houses 19 assistant secretaries focusing on regions (East Asia) or functional areas (human rights). Compare this with the Defense Department, where nine assistant secretaries manage a budget more than 10 times bigger than State's. The practical effect of 19 assistant secretaries is overlap and poor coordination.

Second, improve coordination and eliminate layers in foreign aid programs. A

hodgepodge of well-intentioned programs operates with little oversight and coordination. The details should be left to careful negotiation between the State Department and Congress, but the goal should be to reduce bureaucracies, establish clear priorities, and put these aid programs more closely in the service of overall foreign policy goals.

Finally, start running the department in a more businesslike manner. The required management reforms are no secret. The General Accounting Office, the National Performance Review and others have reached similar conclusions. Closing unnecessary overseas posts, outsourcing administrative support functions and rethinking overseas staff structure can save money and improve performance.

Maintaining the status quo is impossible. The GAO estimates that preserving current functions and personnel would require a 22 percent increase in State Department budgets by the year 2000.

Despite the clear need for action, State Department management continues to postpone the inevitable. A well-conceived strategy for restructuring the department does not exist, and Senator

Helms is right to demand action.

In return, the Chemical Weapons Convention should come to a Senate vote. Americans will be safer with the treaty than without it.

The convention combines an arms control agreement that bans an entire class of weapons of mass destruction with a nonproliferation regime that forbids trade in any nation in noncompliance. It will help prevent terrorists and pariah states from getting their hands on materials to make chemical weapons, while ensuring that American manufacturers can continue to compete in the global trade of legitimate chemical products.

America is already unilaterally destroying its chemical stockpile. The question now is whether it will become party to a convention that will go into effect on April 29 with or without the United States.

General Norman Schwarzkopf stated in Senate testimony: "We don't need chemical weapons to fight our future wars. And frankly, by not ratifying that treaty we align ourselves with nations like Libya and North Korea, and I'd just as soon not be associated with those thugs."

Mr. McInerney is president and Mr. Weiss is chairman of Business Executives for National Security. They contributed this comment to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Betting Is Illegal

LONDON — Mr. Justice Hawkins, on behalf of the five judges of the Divisional Court, pronounced a judgment in the Anti-Gambling League v. Richard Dunn which is of enormous importance to the racing public, as it maintains the illegality of professional betting in racecourse rings, whether on credit or for ready money, and foreshadows a revolution in the betting world.

1947: Equal Sanctions

MOSCOW — The Council of Foreign Ministers reached a general agreement on a proposal by Secretary of State George C. Marshall to unify the denazification practices in all four zones of Germany so that offenders would be treated equally instead of getting off more easily in some zones than in others. He proposed that the four Foreign Ministers instruct the Allied Control Council to have German authorities enact a uniform law "to assure equal and just treatment of all persons in accordance with the degree of their responsibility."

1922: Bulgaria Attack

SOFIA — It is thought that the bomb thrown into a reception room of the American Legation here was really a grenade. No arrest has yet been made. Some people connect the outrage with demonstrations by refugees from Thrace, who are carrying on an agitation for their return to their homes and the autonomy of that province. It is recalled,

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OPINION/LETTERS

Unethical Behavior
And a Blasé Public

By William Raspberry

WASHINGTON — We were talking about the Clinton campaign fund-raising scandal, and, frankly, I was a bit disappointed that my small class at Duke University was having trouble working up much moral outrage.

The problem, I decided, was that they didn't know what was normal in the buying and selling of political access. Without some baseline, how could they decide what was unacceptably awful? Better, I thought, to begin at a level they could easily comprehend and then gradually move them toward the more complex issues now dominating the news.

So I told them about the Hyde School's fund-raiser. Several local Washington "celebs" have been asked to provide items for auction: signed books, personal items, autographed basketballs — that sort of thing. I agreed to let myself be auctioned off for lunch.

Question: Wouldn't the people who bid on lunch with me believe they were buying access to The Washington Post? Obviously the chance to spend an hour or so talking with me is not the same thing as getting their story in the paper (any more than sleeping in the Lincoln Bedroom meant favorable action on the legislative interests of the rich contributors to the Clinton campaign). Still, access must be worth something. Was it wrong for me to "sell" it to the highest bidder?

My intention in telling about the luncheon was to see what questions my students would raise — and then up the ante. What about letting someone with a story to tell buy me a cup of coffee at the lunch counter? Lunch at Four Seasons? Dinner aboard his yacht — in Nassau?

But I never got the chance to peel back the layers of my little onion. The only question anybody raised about my fund-raising luncheon was whether I'd get to keep any of the money.

I wouldn't, of course. But what if I did? No, let's make it tempting. What if I were approached by people who thought it worth \$25,000 of their organization's resources if I would advocate their side of some controversy? What if I halfway believed their side anyway?

And here's where my young students — bright, privileged and thoroughly decent — shocked me to my shoes. Fully three-quarters of them thought it no problem for me to take the money. And suppose I didn't agree with the side offering the \$25K? Could I hold my nose, cross my fingers and write it anyway? "It's your column," a student said. "It's not like you're selling the newspaper, just your column. I might think less of you if I found out, but, hey, that's your problem."

Those of us who've been trying to figure out how President Bill Clinton could be in the midst



By HANZ/Don L. Lee, Los Angeles Times/Syndicate

of a fund-raising scandal and simultaneously enjoying high popularity ratings have chalked it up to cynicism.

The people, we argue, have become so used to politicians walking the shady side of the street that they are no longer shocked by scandals that fall short of physical violence.

My students — too tiny a sample to extrapolate usefully even to Duke University, let alone America — do, however, suggest that maybe cynicism isn't the whole answer.

Maybe what they're revealing is not indifference to unethical behavior but a new definition of ethics that allows for the buying

and selling of virtually anything. Maybe they have come to see the media's hot-breath pursuit of political scandal the way they view professional boxing — as a game that is sometimes boring, sometimes entertaining but irrelevant to their lives. What are the Lincoln Bedroom story, the New Gingrich affair or White-water about? One may as well ask what the fight between Evander Holyfield and Mike Tyson was about.

Maybe it's moral ignorance. Maybe my generation — which does cling to notions of virtue, even as it violates them — has neglected to pass these ideas along, imagining that our chil-

dren will somehow derive the principles they need to guide their lives.

I don't know what it is. I only know that it scares me that so many people have become blasé about behavior that once would have been considered scandalous — and that our children, so alert to the personal affront, seem incapable of moral indignation.

It has been remarked of late that the media, driven by their own economic survival, are becoming more "tabloid" every day.

Wouldn't it be something if they also became the last surviving arbiters of public virtue? Now there's a scary thought.

The Washington Post.

The New Orleans Sound:
'A Color, an Atmosphere'

By Barry James

PARIS — Jelly Roll Morton once claimed with typical modesty: "I myself, happened to be the creator in 1902."

The subject was jazz; and Mister Jelly Roll — that boastful but usually truthful Benvenuto Cellini of the 20th century — may well have been right.

But as far as recorded jazz is concerned, that began 80 years ago this month, when the Victor

the New Orleans masters, such as the clarinetist George Lewis, who introduced traditional jazz to European and Japanese audiences in the 1950s and '60s.

Lewis's sound, he remembered, "had a little lemon in it. It had a little magnolia, and the smell of honeysuckle."

Mr. Greene has little time for Dixieland jazz, the kind of stuff that assails your ears at Disneyland and in banjo bars. He calls it a vulgarization of the real thing — too fast, too loud, too shrill — and perhaps a reason why many blacks rejected traditional jazz as Uncle Tom music. Good New Orleans music has a swing, which means you can walk to it, march to it, Mr. Greene said. The musicians play as an ensemble rather than showing off as solo stars.

They were for the most part humble men, even Jelly Roll in his boastful way. Bunk Johnson quit playing the trumpet before the first recording and plowed the fields for 30 years before he was rediscovered, fitted with a set of false teeth and given a new instrument. George Lewis was a stevedore, despite his frail constitution. When Morton brought a real New Orleans band to Los Angeles in the 1920s, the musicians arrived in outdated coats and tight trousers, with their instruments wrapped in newspaper and stuffed in their pockets.

"We were afraid somebody would see them and think they were clowns, so we rushed them to the tailors and put them in some decent-looking clothes," Morton told his biographer, Alan Lomax. "But man, those guys could really play."

Mr. Greene, who considers himself fortunate to have known many of these musicians, remembers the evening he taught George Lewis how to play "Winin' Boy Blues," one of Morton's old numbers. That was after closing time in Preservation Hall in New Orleans, and they had to close the shutters because white and black musicians were not allowed to play together at that time. It was, he says, "a holy experience." His regret is that when he was studying at Columbia University in New York, he never knew that his musical hero, Jelly Roll, was living a few blocks away, alone, ill and forgotten.

International Herald Tribune.

LETTERS TO THE EDITOR

Invader and Invaded

Regarding "Russia and NATO" (Letters, March 7):

The letter writer states that Russia has reason to be fearful of NATO expansion because it has been invaded nearly 300 times, the last occasion "well within the living memory of many."

I would like to refresh the author's memory about the last invasion. It's true that Russia was invaded by Nazi Germany in June 1941, but it is also true that Russia was first a co-culprit in World

War II. In August 1939, Russia signed a nonaggression agreement with Germany, giving Hitler a free hand to invade Poland in return for his blessing on Russia's simultaneous assault on Poland from the east.

The Molotov-Ribbentrop pact partitioned Poland between the invaders and incorporated the Baltic states into the Soviet empire. This unholy alliance flourished until Hitler declared war against its until-then loyal partner.

Russia's behavior after the "liberation" of Central and East-

ern Europe was marked by decades of human rights violations and oppressive rule. Both lessons from the not-so-distant past should not be forgotten.

W. ZACHARASIEWICZ,
Marbella, Spain.

Specialist Surplus

Regarding "U.S. Will Pay N.Y. Hospitals Not to Train Physicians" (Feb. 19):

The article lumps together generalists and specialists as though they were the same thing. They're

not. In America, most doctors are now specialists, but what's medically wrong with most of the population does not require a specialist.

In sum, America does not have too many doctors, it has too many specialists — a very expensive and inefficient way to run the railroad.

PHILIP HOLZBERGER,
Logrian, France.

Happy in Hong Kong

Regarding "Hong Kong Freedoms? Beijing Isn't Inter-

ested" (Opinion, Feb. 18) by Robert Egan:

The Hong Kong I know has never been more bullish about its future. Chief executive-designate Tung Chee-hwa has been enthusiastically received.

As to the loss of our freedoms, these were introduced only recently by the colonial government as an embarrassment to China. The fact is the Basic Law will give us more rights than we had for most of the colonial period.

P. W. THOMPSON,
Hong Kong.

BOOKS

IMAGINING ROBERT:
My Brother, Madness and Survival. A Memoir

By Jay Neugeboren. 305 pages. \$24. Morrow.

Reviewed by Peter D. Kramer

HERE are two curly-haired brothers, as alike as peas in a pod.

Their physical features are similar, as are their tastes in art, music and people. Both have gifts for prose, both delight in nonsense and wordplay. They have the same friends, attend the same summer camp. In high school they share a room in the family apartment in Brooklyn.

And then their lives diverge. Jay Neugeboren finds a career that will make him as knowable to others as a person ever is, through seven novels, numerous short stories, a memoir ("Parentheses") written in his early 30s, and now an account of his relationship with his younger brother. Robert becomes all but unknowable, shut off from the world since his teens when he embarked on a career of chronic mental illness.

Jay endures the pain of Robert's deterioration by imagining a second Robert, "the brother I grew up with," who has vanished.

But the life of the first and living Robert is so hard to comprehend that he, too, must be imagined. Jay can recall every detail of their childhood; when he does, he wonders about "what I can never know: what it is like for Robert, in his feelings and memories."

"Imagining Robert" is a series of sallies at this writerly goal: Jay reconstructs moments of family life, encounters with the medical system, and excerpts diaries and letters, all in hopes of conjuring a character, his brother.

Growing up in Brooklyn in the 1940s and '50s, Robert was the favorite and Jay the scapegoat of a mercurial, sometimes deranged mother.

Energetic, scheming, intrusive, Anne Neugeboren has much in common with a

Bruce Jay Freedman mother, except that the genre here is more horror than comedy. "What a love affair I'm having with this one!" she says of young Robert. Of Jay: "Who could ever love that one?"

She would be the model of the schizophrenogenic mother if that theory were still current. And yet the childhood Jay remembers contains moments of warmth and wonder.

Jay escapes to college and the writer's life. Robert succumbs to his demons — he makes a move to strangle the boys' devoted and ineffectual father — and leaves home for the horrific world of mental health care.

Over three decades, the diagnoses change: schizophrenia, manic-depression. So do the treatments: psychotherapy, anti-psychotic drugs, anti-convulsants.

Jay is at his most disturbing when describing the evangelical atmosphere of the insulin-coma ward at Creedmoor

State Hospital, a facility where Robert lived many years. The false optimism, impersonality and menace of the unit are emblematic of the care Robert receives throughout his life.

Because what does not change is the inadequacy of caregivers. Physicians, social workers, psychologists — each promises to cure Robert, none delivers. ("Throw away your Sigmund Freud, Mrs. Neugeboren!" exclaims one peddler of megavitamins.)

Much smaller promises are broken: to continue to treat the patient, or to return phone calls. No one remembers Robert's history; a doctor will tout a new drug for Robert unaware that he has been taking this same drug for months.

"But we like Robert," everyone tells Jay, leading one to ask how those whose illness makes them less likable are treated.

Wedded to the crafting of stories, Jay Neugeboren is skeptical of the prevailing theory that psychosis is merely a product of brain biology.

Robert fits the other theories too well, the ones that attribute illness to a child's willingness to sacrifice his sanity for the sake of the family. And Jay, who at his lowest was suicidal, has benefited from 14 years of psychotherapy.

But finally Jay is less concerned with theory than with common decency. Under any model of illness or cure, why can society not provide for Robert's basic needs: a pleasant home, honorable work, and competent professionals who remain involved with their patients?

In Jay, Robert has an articulate advocate; at times Robert is placed in excellent facilities; his doctors include internationally respected experts; and yet he cannot be protected from neglect and even outright abuse.

Remarkably, this indictment of the mental health system is embedded in a narrative that is mostly pleasurable to read. The viewpoint is Jay Neugeboren's consciousness, and despite some stylistic quirks — in an attempt to replicate the back-and-forth of daily thought he studds sentences with dashes, parentheses and semicolons — he is engaging company and a trustworthy host.

The result is not a proxy autobiography of Robert; Jay cannot penetrate the experience of mental illness. Rather, as details of the brothers' interactions accumulate, what emerges is a meditation on identity and epistemology. How autonomous are we, and how irreversibly connected? How is it that an unloved child matures while the favored sibling becomes his blighted double? How do we ever come to know a person we care about — beyond the constant production and revision of stories about an imagined other?

Peter D. Kramer, the author of "Listening to Prozac," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

THOUSANDS of players at the American Contract Bridge League's Spring Nationals were saddened recently by word of the death of one of the great personalities of the game, Alfred Sheinwald.

The Open Pairs title was won by Eric Greco, 21, of Annandale, Virginia, and Geoff Hampson, 28, of Fenton, Michigan.

The leading scores were these: I. Greco and Hampson, 2602.19 match points; Tony Forester of England and Geir Helgemo of Norway,

2538.11; 3. David Berkowitz of Old Tappan, New Jersey, and Larry Cohen of Boca Raton, Florida, 2454.12; 4. Dan Roman of Aventura, Florida, and Harry Tudor of Miami, 2409.46.

On the diagramed deal from the Open Pairs, Greco held the South cards and landed in two no-trump after East competed as far as two hearts. A heart was led to the king, and East returned a low heart, won with the jack. Greco could see that at other tables the contract was likely to be a diamond part-score, which would be worth 110 or 130, depending on whether

the defense located its spade ruff. So he set about trying to make an overtrick in two no-trump for a score of 150.

He ran five diamond winners, noting that his right-hand opponent discarded a club, two hearts and a spade. This simplified his task, for he was able to cash the club ace and lead the heart queen. East had to lead a club at the finish into dummy's K-J, providing the required overtrick.

It would have been harder if East had discarded one more heart and saved both his spades. Then Greco would have led spades, achieving a similar endplay against East.

NORTH (D)
♠ Q J 4 3
♥ 7
♦ A K 6 5
♣ K J 4 3

WEST
♠ K 8 7
♥ 10 6 5
♦ 4 3 2
♣ 6 5 2

EAST
♠ A 2
♥ Q A K 7 5 4 2
♦ 9
♣ Q 10 8 7

SOUTH
♠ 10 8 5
♥ Q J 9
♦ Q J 10 8 7
♣ A 8

Neither side was vulnerable. The bid:
North: 1♣, 1♥, 1NT, Pass
East: 1♣, 1♥, 2♥, 2♠, 2NT, Pass
South: 1♣, 1♥, 1NT, Pass
West: 1♣, 1♥, 2♥, 2♠, 2NT, Pass

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LUXEMBOURG	LFR	3,380	1,350	60%
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NORWAY	NOK	832	390	53%
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Helping to Raise the Grandchildren: Take Them Away

By Susan Keselenko Coll

WASHINGTON — Linda Carr wanted to find a meaningful way to bond with her children's children. "I'm a young grandparent both chronologically and mentally," explained the 51-year-old travel agent, and "it would be fun to really be a hands-on part of raising grandchildren." Her intentions were complicated, however, by the demands of her career and by the distance of hundreds of miles. Three years ago she hit on a solution: She packed up the car and took two of her five grandchildren on a road trip through Florida, thereby joining the ranks of an increasing procession of intergenerational travelers.

With demographics that include greater geographic distances between families as well as more two-working-parent families, vacationing with grandparents makes good sense: It allows the two generations a chance to spend extended

periods of time together without the pressures created by parents' often conflicting vacation schedules. Besides, longer life-spans, not to mention increased good health as well as affluence, have meant that time grandma spends with her grandchildren is likely to be more scintillating than shuffleboard, and these days may even translate into mountain-climbing or white-water rafting, not to mention exotic overseas vacations.

Helena Koenig, founder of the Grandtravel agency in Chevy Chase, Maryland, was among the first to recognize that many of her peers were looking for creative ways to spend time with their grandchildren. She opened her agency when she first became a grandparent 11 years ago, and her business has since grown to include a catalogue of 17 destinations, 10 of which are abroad, designed exclusively for intergenerational travelers. Her packages range from Alaskan wilderness adventures to barging on the waterways of Holland and Belgium to a Kenyan adventure safari, the latter being the most popular trip on offer.

Grandtravel designs its tours with the needs, as well as the attention spans, of children's particular age groups in mind. Most trips are divided into groups of 7-to-11-year-olds or 12-to-17-year-olds, and generally include about 20 people. All tours are fully escorted, and include a teacher among the staff. Children are given workbooks and curriculum guides to enhance the learning experience.

CHALLENGES Marjorie Schlenker, a grandmother from New Jersey who has taken nine trips with Grandtravel including a tour of France with her then 12-year-old grandson, believes that the trips challenge the child to do new things. They challenge the grandparent, as well, she adds, explaining that on her Alaskan vacation she probably would not have chosen to go either white-water rafting or salmon fishing had she not been coaxed by her grandchild and her peers. Another benefit of traveling with a group, she adds, was that she was given the occasional moment of peace: "With the group, they had children their age,"

she explains. "At the end of the day when grandparents got a little tired, they could take it easy."

Carr, who owns the International Family Travel & Tours Inc. agency in Boca Raton, Florida, said that she has been getting more requests by grandparents over the last few years who are looking for grandchild-friendly destinations. She attributes the popularity of intergenerational travel in part to the high incidence of divorce, noting that allowing grandchildren to vacation privately with grandparents alleviates some of the tensions when mingling broken families.

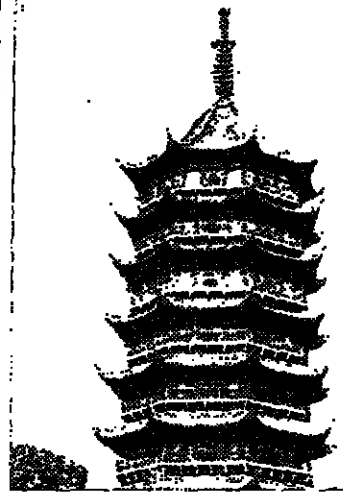
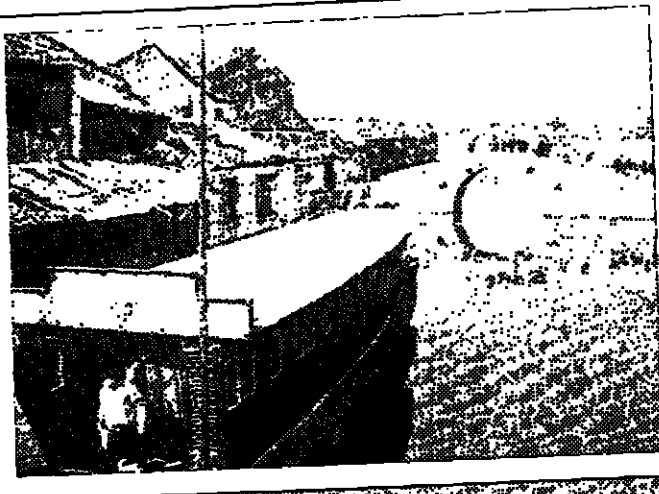
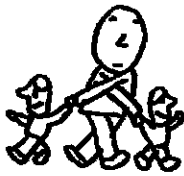
As with all travelers, she said, her clients vary from those wanting to take trips with groups to those who want her to design individual travel programs. Cruises, she notes, are especially popular among intergenerational travelers.

Helene Hertz is one grandmother who prefers to travel independent of groups. In addition to wanting to set her own agenda, she feels that

without a group she is able to bond more intimately with the children. Two years ago she took her 13-year-old granddaughter to Paris. While she notes that the child was at first a bit negative, complaining that everything in France, from the hotel room to the museums, was "old," she now refers to the trip enthusiastically, and is appalled by the fact that some of her American peers do not know who painted the Mona Lisa.

Joe Hyman, who operates Country Cottages, an agency in Britain and Florida that specializes in vacation rentals in the British Isles, also became aware of the trend of traveling grandparents when he recently became one himself, and now offers promotions such as his "Grandparent's House-party for Six," aimed at groups that include at least one grandparent and one grandchild.

Susan Keselenko Coll is a Washington-based writer.



Images of Suzhou and environs: From left, a houseboat gliding along a canal; the Beita pagoda; a bridge arches over a canal near Shanghai, and a pedicab awaiting clients outside a temple in Suzhou.

In Quest of the Elusive 'Ping Tan' Opera: A Quick Visit to Suzhou

By Richard Tomlinson

SHANGHAI — One recent Saturday afternoon in a Shanghai teahouse, Lu Yongming, a self-styled "cultural broker," was talking up his favorite stock, Ping tan opera. Lu explained, originated centuries ago in the nearby city of Suzhou. "It's part of Chinese civilization," he enthused. "As the promoter, the first thing I think about isn't the money. It's whether I can serve the audience."

On this occasion, Lu's potential investors were about 20 senior citizens, drinking tea, smoking cigarettes and chatting in low voices. The artists appeared from the rear of the Chen Jianhua teahouse: a young man in a flowing black Mandarin costume, and a woman wearing a black woolly sweater.

"The zipper on the opera dress has broken," Lu lamented.

Sitting on two stools, the pair began to perform. While the man plucked at a mandolin-like instrument, he and the woman sang and recited their way through an ancient tale of love and betrayal, with much wringing of hands, shrill exchanges and appeals to the heavens.

Such big drama, Lu explained, was a hallmark of Suzhou opera.

As the story unfolded, the audience continued smoking and chatting, seemingly unmoved by the stirring events on the stage. A

waitress confessed that she didn't like ping tan (literally, words and song) because she couldn't understand the Suzhou dialect.

Seated at the back, Lu (more prosaically described as an official with the Shanghai Bureau of Culture) beamed on his creation. Did he worry that he was — operationally speaking — operating in a bear market?

"If we can attract more people to come to ping tan, the stock will get hot," Lu replied bullishly.

And indeed his optimism is not entirely misplaced, for the spirit of Suzhou does still exist. It just happens to be rather elusive.

'IN-COACH' ENTERTAINMENT

Located about 100 kilometers upstream from Shanghai, Suzhou bills itself as the "Venice of the East." In the right weather conditions, picturesque mist rises from the network of canals in the old town, and envelops the stone bridges and whitewashed buildings — or if you are unlucky, thickens into fog and closes the expressway from Shanghai. On a cold winter morning, the VIP bus company did its utmost to make up for a delayed departure with the very best "in-coach" entertainment: not another ping tan concert, but "The Inspector Wears Skirts Only," a bootlegged Hong Kong video about a class of nubile police cadets.

At Suzhou, the fog having cleared, socialist morality reasserted itself. A banner outside the

bus station urged citizens to learn from Lei Feng, the legendary People's Liberation Army soldier, who vowed to become a "rustless screw" in Chairman Mao's revolution before being killed by a falling telephone pole. Just how far the locals had taken the mindlessly altruistic Lei Feng to their hearts could be gauged by two women taxi drivers — the first charged about 250 percent over the going rate for a five-minute journey, the second reported how she had gone into business to make quick money. "I'll do it for three or four years and then sell up," she said in a steely voice.

By now, Suzhou seemed anything but a tranquil retreat from modern China — and the city's history is more turbulent than its Venetian packaging might suggest. In the early 1860s, Suzhou was a military command center for the followers of Hong Xiuquan, a messianic, half-mad peasant who believed he was the younger brother of Jesus Christ.

At its zenith, Hong's movement, known as the Taiping, threatened to overthrow the Qing dynasty. It swept across southern China. Eventually, the Taipings were overwhelmed at Nanjing, west of Suzhou, by troops loyal to the emperor.

"Not one of the 100,000 rebels in Nanjing surrendered themselves when the city was taken, but in many cases gathered together and burned themselves and passed away without repentance," the victorious Qing commander wrote afterwards. "Such a formidable band of

rebels has been rarely known from ancient times to the present."

At Suzhou, the city museum is itself one of the best-preserved monuments to Hong Xiuquan's great uprising. The courtyard buildings, laid out to resemble the Chinese character for work (gong), were formerly the home of a leading Taiping general, Li Xiucheng. Taiping memorabilia are displayed in the second courtyard, including a notice warning foreigners not to interfere in Chinese affairs. It has proved an awkward task, not least because of Hong's own decline from crusader to palace debauchee. A student, reading a book in the second courtyard, paused to consider this difficulty.

"At first, Hong promoted equality of women," he explained. "But by the time he got to Nanjing, he had more than 100 wives. If he had come to power, he would have been just as bad as the emperors."

It seemed churlish to point out that Mao, too, had hardly been a model of fidelity in his private life: or that Mao, like Hong, had sought to impose a utopian vision on China, with even more disastrous results.

The excesses of Hong and Mao left one major victim in Suzhou — the city's famous gardens, first laid out in the Yuan and Ming dynasties. During the Taiping occupation, the gardens were neglected while rival armies fought for control of the city. A century later, in the late 1960s, Suzhou experienced its own "horti-

cultural revolution," when flowers were deemed reactionary by Communist zealots, and the gardeners simply abandoned their trowels. The rockeries, ornamental lakes and pavilions survived the Maoist scourge, and visitors to such gracious surroundings as the Garden of Harmony or the Humble Administrator's Garden can be forgiven if they feel, at last, close to the spirit of Suzhou opera.

MISSING INGREDIENT That's as near as you get, however, for according to our cultural broker, one missing ingredient in Suzhou these days is high quality ping tan performances.

"All the best Suzhou opera is found in Shanghai," Lu asserted. So for lovers of ping tan, eager to end the day in Suzhou style, it's time to leave town and head for the big city.

No raunchy videos can be seen on the rail service back to Shanghai (quicker than the bus), but Suzhou station does boast perhaps the best soft-seat waiting room in China. Antimacassars cover the armchairs; Suzhou silk embroidery decorates the walls; and, when the train arrives, travelers pass through an interior rockery to the platform, via a doorway draped with crushed velvet curtains. Just over an hour later, untroubled by images of frolicking Hong Kong policewomen, the day-tripper is back in Shanghai, ready for a night at the opera.

Richard Tomlinson is a journalist based in Beijing.

MOVIE GUIDE

PRIVATE PARTS

Directed by Betty Thomas. U.S.

Move over, Mahatma, there's a new martyr in town: St. Howard of Megahertz, and, oy, has he suffered. As a kid, his dad called him a moron, then he couldn't get a date in college, and, the greatest indignity of all, he had to work in smaller markets before landing a gig at WNBC radio in New York. Judging from the self-serving, often funny biopic "Private Parts," Stern's mind is as limited as his radio repertoire. While most folks are stymied by their shortcomings, maybe don't even know they have any, Stern (as himself) has not only recognized his weaknesses, but parlayed them into national notoriety. And of course, piles of money. Now, Stern finds himself in Rodney Dangerfield's baggy pants. He wants respect, and he also wants us to like him. Thus, much is made of his fidelity to his long-suffering wife, Alison (Mary McCormack), and his loyalty to his real-life radio friend (Robin Quivers, Jackie Martling, Gary Dell'Abate and Fred Norris as themselves). And if that weren't enough already, he loves his three kids. Well, so did the Godfather. "Private Parts," lifted from Stern's best-selling autobiography, is a choppy amalgam of "Revenge of the Nerds," "Father Knows Best" and "Network." Sternheads, in fact, will probably be disappointed in the shock jock's sensitive side, as portrayed here with surprising if suspect tenderness by Stern and his comely co-star. Director Betty Thomas offsets these with amusing anecdotes from Stern's youth and re-creations of his radio outages. Though the material reflects his juvenile obsession with lesbians and mammoth mammary glands, it doesn't expose the true mean-spiritedness of which Stern is capable. (Joking about his wife's miscarriage sure comes close.) In searching for his "radio voice," Stern realizes that he's got to free his id, unzip those pillowy lips and let it all hang out. For many a dissatisfied white male listener, Stern's excesses proved the perfect antidote to the political correctness of the '80s. Many, including some who should know better, saw him as a caustic social satirist taking on the sacred cows of the period. Though some may wonder what a woman swallowing a 13-inch kielbasa has to do with a healthy social dialogue, the film manages to prove its point. The movie is at its most hilarious when the protagonist takes on the

radio establishment — pompous station managers, pantywaisted programmers and the censors at the Federal Communications Commission. And Stern, sweetly gawky as a civilian, is at his best opposite Paul Giamatti as a WNBC producer whose efforts to tame the deejay only egg on Stern and his radio family. Stern is celebrated here for liberating America's airwaves, and his quest suggests comparisons between the self-proclaimed King of All Media and the First Amendment crusader presented in "The People vs. Larry Flynt." The difference is that Flynt is more self-effacing about his accidental contributions to the social good and more honest about making money off naked women. (Rita Kempley, WP)

LA COLLINE OUBLIEE

Directed by Abderrahmane Bouguermouh. France-Algeria.

"La Colline Oubliee" is adapted from Mouloud Mammeri's novel about friends from Kabyle, Algeria, who look back on their loves and terrible losses. The film, in flashback, is a chronicle of life in Tasga, a village where shepherds live barefoot in homes carved in mountains, share space with the donkey, and have a fierce code of honor. The language is Berber, spiked with French and Arabic. As this most unwelcome people prepare to go off to World War II, an epidemic picks them off, strapping men, beautiful brides; when the winter snow arrives, they bury their dead inside the house. "La Colline Oubliee" is a metaphor for a forgotten minority, remote from the battleground of post-colonial Algeria. The story, sometimes stilted and hard to track, is performed like opera; even when the sounds are festive, the music spreads a mood of dread. Rachid Merabidine's camera, in love with this forbidding countryside, works wonders. There is a telling scene towards the end, inside army headquarters, where the villagers are treated like cattle, talked down to in French and in Arabic. Bouguermouh took several decades to make the movie, as he was determined to make the film in Berber, a language the government suppresses; he spent two years shooting in perilous conditions and managed to salvage the negative — the rushes were destroyed — editing the movie in France. (Joan Dupont, IHT)

PARIS FASHION

A Calmer McQueen Cuts It at Givenchy

By Suzy Menkes
International Herald Tribune

PARIS — No gilded breastplates, animal hides, weird makeup or runway tricks. Alexander McQueen's first ready-to-wear show for Givenchy showed a designer in control of himself.

The loud-mouthed Londoner, 27, proved why the establishment couture house had hired such an apparently unlikely candidate. The answer came in one word and many sharp suits: cut.

Tailoring in glove-soft leather — slim coats, sleek suits and dresses pierced and punched with patterns — were the reverse of the "mad cow" collection that McQueen sent out in London two weeks ago.

ABSTRACT ACCESSORIES Accessories were abstract: geometric sculpted wigs; just the leather fingers of gloves and flat crescent purses. Spike-heeled boots made for a sexy, powerful woman.

At the heart of the collection was the McQueen suit, built Savile-row style from the shoulders. More Saint Laurent than Givenchy? The former influenced the latter. And cut taut at the chest, nipped at the waist and with wide pants or a tiny snakeskin skirt, the look was modern.

McQueen doesn't have a sure hand with fluid dressing on the soft side. But it was exciting to see a young designer taking a flying leap in the right direction.

Seeing Alber Elbaz, the new Israeli-American designer at Guy Laroche, skipping down the runway, reinforced the Paris message that a new generation is taking over.

With pin-striped tailoring in mismatched fabrics and by using light fabrics like mohair and alpaca, Elbaz let fresh air into a traditional house.

From his mentor Geoffrey Beene, Elbaz took a fragile silhouette for high-waisted belts and a dainty lace cardigan. But mostly the homage was to Laroche, like the sporty suits in pepper-and-salt tweeds. After a pleasing debut, it would be good to see Elbaz let his youthful exuberance rip.

The brass band struck up, models tumbled out of a bus to walk through a derelict warehouse — and Martin Margiela's acolytes gasped. Real fur headgear from the high priest of the avant-garde? Relax! The bonnets were recycled flea market furs.

Margiela's take on deconstruction this season was the tailored coat — as a work in progress. It came complete — but with sleeves inside out; sleeveless; missing a front; or as a reinforced paper pattern. Margiela's ongoing fascination with technique made an arresting collection. Real clothes? Sporty cabled sweaters layered over long skirts in saffron yellow or rainwashed-sky blue.

A woman's take on a man's suit is Ann Demeulemeester's thing, with her drop-waist mannish pants the most copied in current fashion. Her strong and serene collection



Givenchy's tailored jacket and python skirt.

was a winner, almost entirely in black, touched with white and coffee-bean brown. The story was in the soft jersey shirt dresses and, as ever, in the way the clothes are worn. A sweet disorder in the dress

means that cuffs are deliberately undone, shirt collars turned under, belts looped through the coats. It makes a nice blend of the strong and fragile.

Rifat Ozbek was in top form with merry mixes of patterns, colors and cultures. It was all spelled out in catchphrases on the runway: "Romanian Romantics" had folkloric flowers on ruffled dresses; "Fortune Tellers" meant Tarot card prints; and "Cockney Rebels" were Ozbek's tautly tailored pantsuits with pearly-queen buttons.

YOU want ethnic looks? Kenzo owns the territory. The Japanese designer went back to his roots with a decor of Japanese screens and low tables and layered knits blooming with flat flowers. Ki-monos? No. Parisian Kenzo was smart enough to turn them into sensuous bathrobe coats.

With heavily painted eyebrows, satin elbow patches and low-slung, toe-sweeping pants, Sonia Rykiel's coquette showed her masculine side, giving a modern spin to the signature little sweater (worn with graphic checks). She also showed heart. For the show opened with a Rykiel project for underprivileged French youth.

LEISURE

High Cost of Phone 'Roaming'

By Roger Collis
International Herald Tribune

MOBILE phones have become a way of life for road warriors of the millennium. The new generation of mobiles, which work on the Global System for Mobiles (GSM) digital network and allow for "roaming" in more than 60 countries (except the United States and Japan which have different technology), are great for keeping in touch, impressing fellow travelers or simply annoying everybody around you.

"Roaming" means that you are registered with your local "service provider" or telecom to use your GSM phone on a foreign cellular network. You keep your home number — encoded on your SIM (Subscriber Identity Module) card, or smart card, which slots into any GSM handset — and the system "finds" you to deliver calls to your handset wherever you are. You are billed back home. It sounds easy and it usually is — once you've figured out how to use the gizmos.

Almost too easy, GSM phones should carry a government warning: "Indiscriminate roaming can seriously damage your budget." You not only have to consider the cost of making calls but the cost of receiving them!

Expect mobile phones to cost more than twice as much as fixed phones in the same country and maybe 10 times as much when you're traveling abroad.

THE NETWORK SLICE

Simon Rockman, editor of What Mobile magazine in London, says: "If you want international roaming you pay a lot of money; you have to expect calls to cost you £1.50 [about \$2.40] a minute, that kind of money, because another network is taking a slice; whereas, if you're just calling within Britain, it'll only cost you about 20 pence a minute. Getting a GSM phone to work across borders without paying a lot is very difficult."

Let's say you've taken your GSM

phone from Paris on a trip to Hong Kong. You want to use it to make local calls within Hong Kong and to call the office back home from your hotel room.

Local calls will cost you 25 to 35 percent more than they would in Paris, but that's not going to break the bank. But if someone in Hong Kong decides to phone you, he or she has to make an international call to Paris, for which they will pay an international call, and then your mobile is charged an additional international leg for you to receive the call even though you might be just across the water in Kowloon.

There are several strategic options. You can elect to bar some or all incoming calls when you go roaming. Or you can divert all calls to a voice-mail

The Frequent Traveler

system back home (which you can retrieve later from wherever you are) or arrange for short text messages (make sure your service has SMS — Short Message Service capability — up to 25 characters delivered to your handset if it is switched on. Or else switch your phone off between calls.

If you travel a lot to certain countries, it may be worthwhile taking out a local GSM subscription, which gives you a local number at local rates.

FRENCH CONNECTION In some countries, such as Italy and France, you can buy prepaid SIM cards for your GSM phone which allow you to make and receive local calls. You pay slightly more than the local mobile rate. But there's no subscription and the phone number comes with the card.

France Telecom, for example, will start selling SIM format *mobicarte* cards March 19 through retail outlets such as cafés, tabacs and newsstands. The cards, costing 270 francs (about \$47), are good for 30 minutes of domestic calls. Once the credit has been used up, you can "re-load" the card with an additional 30 minutes of credit by buying a "scratch" card, costing 144 francs.

Getting started with a GSM mobile requires forethought — what you need and where you want to go. You'll normally sign up with a GSM "service provider" — in most cases your local telecom. Make sure you go to a reputable dealer who knows what you want even if you're not too sure yourself.

Here are some points to consider: GSM handsets these days are sleek and handsome and cost from \$40 to \$1,000 or more. Compare what they do with what you need along with size or weight. The new Ericsson GSM, for example, weighs in at 4.7 ounces; the Nokia 9000 communicator — which doubles as a palmtop PDA — is a hefty 14 ounces — too bulky for our pocket; the latest Philips Spark mobile incorporates fancy features such as Voice-Dial. This is claimed to be the first mobile with "voice recognition." Or the last word in "hands-off" management.

• **Battery life.** New "lithium ion" batteries (unlike nickel cadmium) can be recharged any time you like before they are completely drained. Lithium ion batteries on the Philips Spark phone, for example, give you 10 hours of talk time and 350 hours standby time.

• **Work out how many calls you are likely to make and where you are most likely to travel.** Mobile phone contracts are usually based on a sliding scale from light/occasional users who pay a low monthly charge and a relatively high cost per call to heavy business users who may pay a higher monthly charge and a lower cost per call. Check how easily you can switch from one type of contract to another. How much will roaming cost in Europe/the world?

• **Does the service provider have roaming agreements with network operators in the countries you plan to visit?** Not all cellular networks have the same reciprocal agreements. You can check this out on <http://www.gsmworld.com>.

• **When roaming, can you use bar some/all incoming calls? What about voice messaging? PC compatibility? E-mail and Internet access? Make sure the phone has a PCM CIA link with your PDA.**

ARTS GUIDE

AUSTRIA

VIENNA
Osterklang Wien, Music Festival, tel: (43) 1-536-01, fax: 536-0111. March 22 to April 1: Features performances of Bach's "St. John Passion" by the Vienna Philharmonic Orchestra under Philippe Herreweghe and of Schubert's scenic oratorio "Lazarus" and "Easter Mass." Keith Jarrett interprets Bach's "Goldberg Variations," and Siegfried Jerusalem sings the title role in a Vienna State Opera production of "Parsifal."

BEELIUM

BRUSSELS
Palais des Beaux-Arts, tel: (2) 507-84-66, closed Mondays. To May 25: "L'Art de Collectionner." Les Musées Nationaux et L'Art du 20e Siècle. This retrospective of 20th-century art includes works of Dutch artists such as Mondrian, Kees van Dongen and Jan Dibbets, as well as foreign artists such as Malevich, Picasso, Braque, Lager, Dubuffet, Yves Klein, Fontana and David Smith.

BRITAIN

LONDON
National Gallery, tel: (171) 839-3321, open daily. To May 5: "London's Monets." All the paintings held in London public collections, and major works from private collections. Features more than 20 river views and snow scenes as well as paintings from the haystack series of the 1890s.
National Portrait Gallery, tel: (171) 306-0055, open daily. To June 8: "August Sander: In Pho-



Harry Callahan photo, exhibited in Atlanta.

topography There Are no Unexplained Shadows." A selection of 200 works by the German photographer (1978-1994). Sander compiled a comprehensive survey of contemporary German society from farmers to intellectuals, and aristocrats and from industrial sites to hospital scenes.
Royal Academy of Arts, tel: (171) 494-5615, open daily. Continuing To April 6: "Braque: The Late Works."

FRANCE

PARIS
Grand Palais, tel: 01-44-13-17-17, closed Mondays. Continuing To May 28: "Angkor et Dix Siècles d'Art Khmer." Art from Cambodia dating back to the 6th century.
Institut du Monde Arabe, tel: 01-40-51-38-38, closed Mondays. Continuing To Aug. 31: "Soudan: Royaumes sur le Nil." Documents archaeological finds from Sudan.

ITALY

BOLOGNA
Galleria d'Arte Moderna, tel: (51) 502-859, closed Mondays. To May 4: "Materiali dell'Arte: Ricerca e Sperimentazione in Italia dagli anni Sessanta ad Oggi." Trends in Italian art, with emphasis on the use of nontraditional media, techniques and materials, between the 1960s and today. Features works by Enrico Baj, who uses torn sackings and rusty metal; Lucio Fontana, whose trademark is slashed canvases; Jannis Kounellis and Mimmo Paladino.

SPAIN

MADRID
Fundacio Joan Miro, tel: (93) 412-40-16, closed Mondays. To May 25: "Flying Over Water: The

Icarus Adventure." The exhibition installed by Peter Greenaway explores the myth of Icarus in a narrative of 30 different sequences.

SWITZERLAND

GENEVA
Musée d'Art et d'Histoire, tel: (22) 418-2600, closed Mondays. To Sept. 28: "L'Art d'imiter: Falsifications, Manipulations, Pastiches." A selection of 30 pastiches of paintings from the Italian Quattrocento that were created at the turn of the century.

UNITED STATES

ATLANTA
High Museum of Art, tel: (404) 892-4444, closed Sundays. To April 6: "Harry Callahan." A retrospective of the American photographer's work. Includes 118 photographs spanning 1941 to 1992 that illustrates his favorite themes: his wife Eleanor, landscapes, such as studies of trees in the snow, and cityscapes, here crowded Detroit streets.

NEW YORK
Metropolitan Museum of Art, tel: (212) 570-5791, closed Mondays. Continuing To April 27: "Giambattista Tiepolo." Paintings and etchings by the Venetian painter; also, "Venetian Prints and Books in the Age of Tiepolo."

WASHINGTON
National Gallery of Art, tel: (202) 737-4215, open daily. To May 11: "The Victorians: British Painting in the Reign of Queen Victoria, 1837-1901." A selection of paintings by Turner, Whistler, Sargent, Burne-Jones and other Victorian painters.



GOOD TRAVEL DEALS

AIRLINES		
AIR ONE	Italy	This Italian no-frills airline has joined Qualiflyer, the FFP of Swissair and Austrian Airlines. Air One travelers can now earn Qualiflyer miles on Air One's Italian domestic routes, such as Rome-Milan, and with Swissair, Austrian, Delta, Cathay Pacific and Singapore Airlines. Qualiflyer allows you to earn miles with Hertz, Europcar, Interrent and Avis and to convert them into points of the American Express Membership Awards program and vice versa.
AMERICAN AIRLINES	Worldwide	"Drive and Dream" program offers AAdvantage members 1,000 bonus miles for every five stays at a partner hotel or every five car rentals. AAdvantage has five participating car rental firms and 22 hotel groups, including Holiday Inn, Sheraton and Inter-Continental. Until Dec. 31.
CZECH AIRLINES	London to Prague	Three-day business-class fare saves more than £100 (\$160) on round-trips.
ICELANDAIR	Britain to United States	Two-for-one in business class or economy on all flights from Glasgow or London (via Reykjavik) to New York, Boston, or Washington. Example: economy round-trip London-New York for two costs £458 (\$733) mid-week or £488 weekends. Until June 14.
JAPAN AIRLINES	Japan to United States/Asia	Economy round-trip fares save 20 to 50 percent on normal tariffs with same restrictions. Examples: Tokyo-Los Angeles, 99,000 yen (\$611); Tokyo-New York, 122,000 yen; Tokyo-Seoul, 52,000 yen; Tokyo-Singapore, 87,000 yen; Tokyo-Sydney, 101,000 yen. Until April 20.
SABENA	London to Johannesburg	Round-trip for £385 (\$616) from London or some provincial cities in Britain. Travel must be completed by May 31. Trailfinders: tel: (44-171) 938 9399.
UNITED AIRLINES	London to Los Angeles	Special one-way or round-trip fares in first or business class save 12 percent (around £500 or \$800) on a round-trip on normal fares. For travel before June 1.
HOTELS		
CLARENCE HOTEL	Dublin	Four-night package at Clarence Hotel, Dublin, (two nights) and Mount Juliet Hotel, Kilkenny, (two nights) for 826 Irish pounds (\$1,280) for two people includes full breakfast, one dinner in Dublin plus guided pub tour, one dinner in Kilkenny with guided tour of the medieval city. Until March 31. Thereafter, 958 Irish pounds until Oct. 31. Tel: (353-1) 670 9000.
HOTEL MAJAPAHIT	Surabaya, Indonesia	"Deluxe" single/double rooms for \$98 a night includes early check-in, late check-out and use of health club.
HOLIDAY INN/AMERICAN EXPRESS	Asia-Pacific	Up to 50 percent off room rates, with breakfast, late check-out, discounts on laundry, dry cleaning and business services at 53 properties when you pay with an Amex card. Until March 31.
LANDMARK HOTEL	Bangkok	"President Package" for 5,900 baht (\$227) a night (for minimum two nights) and additional nights at 4,800 baht includes accommodation in one-bedroom suite with lounge and private dining room; limo transfers to and from airport; breakfast, all-day tea/coffee; early evening cocktails and canapés in the Landmark Club. Until March 31.
MARCO POLO	Singapore	Special rate of 195 Singapore dollars (\$136) for "deluxe" single (215 dollars for double) includes buffet breakfast, airport transfers and 6 P.M. check-out. Until March 31.
NOVOTEL PARKVIEW	Beijing	Opening rate of \$65 for a "superior" room includes buffet breakfast. Until March 31.
SHANGRI-LA/THAI AIRWAYS	Asia-Pacific	Royal Orchid Plus members earn double miles when staying at any one of 34 Shangri-La or Traders Hotels. Until March 31.

Although the IHT carefully checks these offers, please be forewarned that some travel agents may be unaware of them, or unable to book them.

MAURIZIO GALANTE

PARIS MARCH 1997

PRESENTATION OF THE PRÊT-A-PORTER COLLECTION AUTUMN/WINTER 1997/1998

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DISCOUNT TRAVEL



Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

[The page contains dense handwritten text in Devanagari script, which is mostly illegible due to blurring and bleed-through from the reverse side.]

1. Introduction
 2. Background
 3. Methodology
 4. Results
 5. Conclusion
 6. References
 7. Appendix
 8. Index
 9. Table of Contents
 10. Figure
 11. Table
 12. Figure
 13. Table
 14. Figure
 15. Table
 16. Figure
 17. Table
 18. Figure
 19. Table
 20. Figure
 21. Table
 22. Figure
 23. Table
 24. Figure
 25. Table
 26. Figure
 27. Table
 28. Figure
 29. Table
 30. Figure
 31. Table
 32. Figure
 33. Table
 34. Figure
 35. Table
 36. Figure
 37. Table
 38. Figure
 39. Table
 40. Figure
 41. Table
 42. Figure
 43. Table
 44. Figure
 45. Table
 46. Figure
 47. Table
 48. Figure
 49. Table
 50. Figure
 51. Table
 52. Figure
 53. Table
 54. Figure
 55. Table
 56. Figure
 57. Table
 58. Figure
 59. Table
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 62. Figure
 63. Table
 64. Figure
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 108. Figure
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 112. Figure
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 117. Table
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 120. Figure
 121. Table
 122. Figure
 123. Table
 124. Figure
 125. Table
 126. Figure
 127. Table
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 130. Figure
 131. Table
 132. Figure
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 136. Figure
 137. Table
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 146. Figure
 147. Table
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 150. Figure
 151. Table
 152. Figure
 153. Table
 154. Figure
 155. Table
 156. Figure
 157. Table
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 160. Figure
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 165. Table
 166. Figure
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 170. Figure
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 194. Figure
 195. Table
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 198. Figure
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 200. Figure
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 203. Table
 204. Figure
 205. Table
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 214. Figure
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 249. Table
 250. Figure
 251. Table
 252. Figure
 253. Table
 254. Figure
 255. Table
 256. Figure
 257. Table
 258. Figure
 259. Table
 260. Figure
 261. Table
 262. Figure
 263

Continued on Page 16

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6 months	1.0000
9 months	1.0000
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Forward Rates	
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3 months	1.0000
6 months	1.0000
9 months	1.0000
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Plunges
Sales Data

Belgium Caters to Renault

Tax Breaks Offered To Tempt Carmaker

PARIS — Prime Minister Jean-Luc Dehaene of Belgium said Thursday that the government was about to approve measures that involved reducing payroll taxes for companies that were undergoing restructuring and reducing the weekly hours worked.

The measures are aimed at Renault, which plans to close its 3,100-employee Vilvoorde factory near Brussels.

"For the present, I repeat that my government cannot accept either the closure of the Vilvoorde site or the procedure followed for announcing this decision," Mr. Dehaene said.

He said he has asked Louis Schweitzer, Renault's chief executive, to re-evaluate the decision to close the plant in light of the tax breaks he was proposing. He said that if Renault cut the workweek to 32 hours, average hourly salary costs would be reduced by 4 percent, according to the government's calculations.

Meanwhile, Renault's plans to cut 2,764 jobs in France has been delayed at least until April 3 to allow the company to fulfill its legal obligations on worker consultation, the company said Thursday.

Labor union representatives, attending an extraordinary meeting of the carmaker's works council, pushed back approval of the plan to allow accounting firms to first study its contents.

French companies must consult employee bodies on staffing matters, although works councils have no decision-making powers.

The job reduction plan is part of a cost-cutting drive aimed at returning Renault to profit in the face of union opposition. Renault has said it would post a "substantial" loss for 1996. Union officials and analysts have hinted the loss could be as high as 6 billion French francs (\$1 billion).

Unions called on workers to stage one-hour work stoppages at Renault's plants on Thursday to protest the company's cutbacks.

(Bloomberg, Reuters)

NatWest Admits to Wider Options Loss

LONDON — National Westminster Bank PLC said Thursday that its multimillion-pound loss from derivatives trading was nearly twice as big as it initially believed, and it disclosed that the problem trades began as long ago as December 1994.

NatWest also said it had suspended four senior staff members and cut bonuses by millions of pounds after receiving the initial findings of an internal investigation into the loss.

NatWest said the total loss from the bad trades was £90 million (\$143.4 million), but that £5 million had already been provided for and £8 million had been recovered

by not paying the bonuses.

The bank said the losses started in late 1994 and were confined to the interest-rate options area. Options are contracts that give an investor the right, but not the obligation, to buy an underlying security at a certain price at a set date. They are often used by financial companies to hedge against losses in the cash markets.

NatWest said the mispricing of options contracts and the transfer of values between options books made the losses difficult to measure when they were discovered two weeks ago.

"It is extremely regrettable that the losses and the mispricing have gone undetected for so long,"

Derek Wanless, chief executive of the banking company, said. "Although confined to one area, this is a significant setback for NatWest Markets." NatWest said the inquiry so far had found no flaws in the models used to calculate the value of the derivatives in question. Derivatives are investment instruments whose value is based on the value of other securities or commodities.

The company said Thursday it had suspended Ian Gaskell, head of swaps options trading for Britain and Europe; Christophe Lanson, global head of rate-risk management; Jean-Francois Nguyen, managing director of debt derivatives; and Phil Wise, chief administrative officer and formerly senior man-

aging director of capital markets. It previously suspended Neil Dodgson, global head of options. The options trader involved, Kyriacos Papoulias, left NatWest in December to join Bear Stearns & Co. He left Bear Stearns last week.

News of the loss at NatWest follows several other instances of derivatives-related problems in the financial industry. Barings PLC collapsed two years ago amid £860 million of futures and options losses caused by one trader, Nicholas Leeson, and Sumitomo Corp. said last year that one trader had caused \$2.6 billion of losses on copper futures. NatWest shares closed at 739 pence, down 3.

(Reuters, Bloomberg)

Cooperation Pact Lifts Austrian Airline Shares

VIENNA — Shares in Austrian Airlines AG and Lauda Air AG both jumped Thursday after the airlines announced that Austrian Airlines was buying a 36 percent stake in Lauda, its rival.

Lauda Air's shares jumped 14.5 percent, to 110 schillings (\$9.15), on the Vienna Stock Exchange, while Austrian Airlines, the state-controlled carrier, rose 3.4 percent, to 1,865 schillings.

The airlines, Austria's two largest carriers, said Wednesday night that the acquisition of the Lauda shares by Austrian would help both airlines compete better in the European market, save costs and increase share-

holder value. "We decided that it is better that we work together," Niki Lauda, head of the airline, said. "It is in everybody's interest."

The agreement will require approval by European Union antitrust regulators. The European Commission, the EU's executive body, is expected to approve the transaction by June 1, Austrian Airlines said.

The accord effectively brings Austria's three airlines, all based in the same airport, closer together. The third airline, Tyrolean Airways, is 42.85 percent owned by Austrian Airlines, which itself is 51.9 percent owned by the government.

Industry analysts welcomed the agreement, saying it would help

consolidate the domestic industry and was part of a broad rearrangement of Europe's airline industry.

They also said the agreement would help the balance sheets of both airlines, partly because the two companies would no longer need to invest in expensive ad campaigns or squeeze margins to try to undercut one another.

"This is not the biggest market in Europe, and some consolidation is inevitable," Charles Donald, an analyst with Union Bank of Switzerland in London, said. "The market is not big enough to handle both airlines."

Still, Mr. Lauda, a former champion Formula 1 race-car driver who

started the airline in 1979, maintained that the cooperation agreement was likely to go no deeper.

He also fended off speculation that Austrian Airlines would eventually take full control of his company.

"There is a limit to the cooperation," he said, adding that he had an option to buy back the Lauda shares if Austrian Airlines later chose to sell them.

But analysts said the agreement, though good for the airline industry, may have the opposite effect for customers, who have counted on price wars to book cheaper seats. Another potential loser stands to be the Vienna International Airport, which is the hub for both airlines.

Spanish Inflation Data Spark Rate-Cut Hopes

MADRID — Spain's consumer prices grew at their slowest rate in 29 years in February, and economists said they expected the Bank of Spain to cut a key interest rate for the second time this year on Friday.

The National Statistics Institute said Thursday that consumer prices declined 0.1 percent in February from January, and were up 2.5 percent from a year earlier, down from a 2.9 percent increase in the previous month.

"The data are very positive," said Juan Mielgo, economist at Bank of America. "It's an excellent figure and better than even the most optimistic forecast for a 2.6 percent year-on-year rise."

The inflation data fulfill the inflation requirement for Europe's monetary union and meet the government's target for 1997.

The Popular Party government has made Spain's participation in the launch of the single currency in 1999 the cornerstone of its European

policy, and inflation was seen as one of its toughest challenges.

The government had set 2.6 percent as a target inflation rate for the end of the year.

"In just two months we have come down seven-tenths, which is a push for Spanish convergence in European monetary union and market credibility," Economy Secretary Cristobal Montoro said.

Economists, who had predicted a drop in inflation to just 2.7 or 2.8 percent, said the data would per-

suade Spain's central bank, the Bank of Spain, to trim its 6 percent repurchase rate by 25 basis points on Friday.

"There's a high probability that the Bank of Spain will cut rates by 25 basis points at tomorrow's repo or at the next one," said Carmen Hermansanz, economist at Merrill Lynch Espana. "In any case, we think there'll be a cut in March. Inflation data for the last two months gives sufficient room for it."

(Reuters, AFP)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
3600	4600	2600
3400	4500	2700
3200	4300	2500
3000	4200	2400
2800	4000	2200
2600	3900	2100
1996	1997	1996
1997	1997	1997
Exchange	Index	Thursday Close
Amsterdam AEX	758.03	758.41
Brussels BEL-20	2,191.82	2,210.61
Frankfurt DAX	3,348.61	3,415.40
Copenhagen Stock Market	548.26	554.27
Helsinki HEX Generali	2,946.53	2,976.10
Oslo OBX	607.93	608.00
London FTSE 100	4,397.70	4,422.50
Milano Stock Exchange	485.11	482.93
Milan MIBTEL	1,188.1	1,189.9
Paris CAC 40	2,632.10	2,641.70
Stockholm SX 80	2,368.59	2,368.04
Vienna ATX	1,241.97	1,256.37
Zurich SPI	2,922.76	2,954.45

Source: Reuters International Herald Tribune

Very briefly:

- Chevron Corp. and Elf Aquitaine SA will go ahead with the proposed merger of their British refining and service-station businesses even after Murphy Oil Corp. pulled out.
- VEBA AG and RWE AG, diversified German utilities, said their O.T.E. telecommunications joint venture will break even within five years, adding that sales would be between 7 billion Deutsche marks (\$4.1 billion) and 9 billion DM by 2005.
- French February consumer prices rose a lower-than-expected 0.2 percent, reflecting the reluctance of French companies to raise prices even as economic growth accelerates. The rise in February translates into a year-on-year inflation rate of 1.6 percent, its lowest since September and down from the 1.8 percent in January.
- Ciba Specialty Chemicals shares closed their first day of trading at 116.50 francs (\$80.07), up 6.5 Swiss francs or 6 percent, after rising as high as 7.3 percent. Banks managing the initial offer of the Novartis AG spin-off had set a price of 110 francs before trading began, pricing Ciba Specialty at about 8 billion francs.
- Grand Metropolitan PLC has appointed Dennis Malamatias as chief executive officer of Burger King, effective immediately.
- Bertelsmann AG said it would join with Axel Springer Verlag AG to set up a joint venture for the introduction of an on-line sports channel.
- Groupe Bull, France's biggest computer maker, will work with Motorola Inc. and NEC Corp. to develop technology for building computer networks.
- Russia's inflation rate will hit 15 percent this year, above the government's 12 percent target, said Mikhail Zadornov, head of the State Duma's budget committee.
- Mannesmann AG intends to invest 750 million DM in its D2 mobile telephone network in 1997, matching the amount spent in 1996.

(Bloomberg, AFP, Reuters, APX)

WORLD STOCK MARKETS

Thursday, March 13
Prices in local currencies.

High Low Close Prev.

Amsterdam AEX Index: 758.03

ABN AMRO 125.50 126.00 125.50 125.50

Alcatel 130.00 131.00 130.00 130.00

Alkerm 130.00 131.00 130.00 130.00

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High Low Close Prev.

Amsterdam AEX Index: 758.03

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High Low Close Prev.

Amsterdam AEX Index: 758.03

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Thursday's 4 P.M.
The 1,000 most-traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press

[illegible]

Sl. No.	Age	Sex	Div	Tn	PE	High	Low	Label	Order
1	25	M	1	1	1	1	1	1	1
2	25	M	1	1	1	1	1	1	1
3	25	M	1	1	1	1	1	1	1
4	25	M	1	1	1	1	1	1	1
5	25	M	1	1	1	1	1	1	1
6	25	M	1	1	1	1	1	1	1
7	25	M	1	1	1	1	1	1	1
8	25	M	1	1	1	1	1	1	1
9	25	M	1	1	1	1	1	1	1
10	25	M	1	1	1	1	1	1	1
11	25	M	1	1	1	1	1	1	1
12	25	M	1	1	1	1	1	1	1
13	25	M	1	1	1	1	1	1	1
14	25	M	1	1	1	1	1	1	1
15	25	M	1	1	1	1	1	1	1
16	25	M	1	1	1	1	1	1	1
17	25	M	1	1	1	1	1	1	1
18	25	M	1	1	1	1	1	1	1
19	25	M	1	1	1	1	1	1	1
20	25	M	1	1	1	1	1	1	1
21	25	M	1	1	1	1	1	1	1
22	25	M	1	1	1	1	1	1	1
23	25	M	1	1	1	1	1	1	1
24	25	M	1	1	1	1	1	1	1
25	25	M	1	1	1	1	1	1	1
26	25	M	1	1	1	1	1	1	1
27	25	M	1	1	1	1	1	1	1
28	25	M	1	1	1	1	1	1	1
29	25	M	1	1	1	1	1	1	1
30	25	M	1	1	1	1	1	1	1
31	25	M	1	1	1	1	1	1	1
32	25	M	1	1	1	1	1	1	1
33	25	M	1	1	1	1	1	1	1
34	25	M	1	1	1	1	1	1	1
35	25	M	1	1	1	1	1	1	1
36	25	M	1	1	1	1	1	1	1
37	25	M	1	1	1	1	1	1	1
38	25	M	1	1	1	1	1	1	1
39	25	M	1	1	1	1	1	1	1
40	25	M	1	1	1	1	1	1	1
41	25	M	1	1	1	1	1	1	1
42	25	M	1	1	1	1	1	1	1
43	25	M	1	1	1	1	1	1	1
44	25	M	1	1	1	1	1	1	1
45	25	M	1	1	1	1	1	1	1
46	25	M	1	1	1	1	1	1	1
47	25	M	1	1	1	1	1	1	1
48	25	M	1	1	1	1	1	1	1
49	25	M	1	1	1	1	1	1	1
50	25	M	1	1	1	1	1	1	1
51	25	M	1	1	1	1	1	1	1
52	25	M	1	1	1	1	1	1	1

[illegible][illegible][illegible][illegible]

Thursday's 4 P.M. Close
(Continued)

Order	Particulars	Amount	Balance
1	To Balance b/d	100.00	100.00
2	By Cash	50.00	50.00
3	To Cash	50.00	100.00
4	By Cash	50.00	50.00
5	To Cash	50.00	100.00
6	By Cash	50.00	50.00
7	To Cash	50.00	100.00
8	By Cash	50.00	50.00
9	To Cash	50.00	100.00
10	By Cash	50.00	50.00
11	To Cash	50.00	100.00
12	By Cash	50.00	50.00
13	To Cash	50.00	100.00
14	By Cash	50.00	50.00
15	To Cash	50.00	100.00
16	By Cash	50.00	50.00
17	To Cash	50.00	100.00
18	By Cash	50.00	50.00
19	To Cash	50.00	100.00
20	By Cash	50.00	50.00
21	To Cash	50.00	100.00
22	By Cash	50.00	50.00
23	To Cash	50.00	100.00
24	By Cash	50.00	50.00
25	To Cash	50.00	100.00
26	By Cash	50.00	50.00
27	To Cash	50.00	100.00
28	By Cash	50.00	50.00
29	To Cash	50.00	100.00
30	By Cash	50.00	50.00
31	To Cash	50.00	100.00
32	By Cash	50.00	50.00
33	To Cash	50.00	100.00
34	By Cash	50.00	50.00
35	To Cash	50.00	100.00
36	By Cash	50.00	50.00
37	To Cash	50.00	100.00
38	By Cash	50.00	50.00
39	To Cash	50.00	100.00
40	By Cash	50.00	50.00
41	To Cash	50.00	100.00
42	By Cash	50.00	50.00
43	To Cash	50.00	100.00
44	By Cash	50.00	50.00
45	To Cash	50.00	100.00
46	By Cash	50.00	50.00
47	To Cash	50.00	100.00
48	By Cash	50.00	50.00
49	To Cash	50.00	100.00
50	By Cash	50.00	50.00
51	To Cash	50.00	100.00
52	By Cash	50.00	50.00
53	To Cash	50.00	100.00
54	By Cash	50.00	50.00
55	To Cash	50.00	100.00
56	By Cash	50.00	50.00
57	To Cash	50.00	100.00
58	By Cash	50.00	50.00
59	To Cash	50.00	100.00
60	By Cash	50.00	50.00
61	To Cash	50.00	100.00
62	By Cash	50.00	50.00
63	To Cash	50.00	100.00
64	By Cash	50.00	50.00
65	To Cash	50.00	100.00
66	By Cash	50.00	50.00
67	To Cash	50.00	100.00
68	By Cash	50.00	50.00
69	To Cash	50.00	100.00
70	By Cash	50.00	50.00
71	To Cash	50.00	100.00
72	By Cash	50.00	50.00
73	To Cash	50.00	100.00
74	By Cash	50.00	50.00
75	To Cash	50.00	100.00
76	By Cash	50.00	50.00
77	To Cash	50.00	100.00
78	By Cash	50.00	50.00
79	To Cash	50.00	100.00
80	By Cash	50.00	50.00
81	To Cash	50.00	100.00
82	By Cash	50.00	50.00
83	To Cash	50.00	100.00
84	By Cash	50.00	50.00
85	To Cash	50.00	100.00
86	By Cash	50.00	50.00
87	To Cash	50.00	100.00
88	By Cash	50.00	50.00
89	To Cash	50.00	100.00
90	By Cash	50.00	50.00

[illegible]

City	Low	High	PE	De	Stock	Age
1. New York	100	100	100	100	100	100
2. London	100	100	100	100	100	100
3. Paris	100	100	100	100	100	100
4. Berlin	100	100	100	100	100	100
5. Rome	100	100	100	100	100	100
6. Madrid	100	100	100	100	100	100
7. Amsterdam	100	100	100	100	100	100
8. Frankfurt	100	100	100	100	100	100
9. Zurich	100	100	100	100	100	100
10. Geneva	100	100	100	100	100	100
11. Milan	100	100	100	100	100	100
12. Barcelona	100	100	100	100	100	100
13. Athens	100	100	100	100	100	100
14. Istanbul	100	100	100	100	100	100
15. Cairo	100	100	100	100	100	100
16. Bombay	100	100	100	100	100	100
17. Calcutta	100	100	100	100	100	100
18. Madras	100	100	100	100	100	100
19. Rangoon	100	100	100	100	100	100
20. Singapore	100	100	100	100	100	100
21. Hong Kong	100	100	100	100	100	100
22. Shanghai	100	100	100	100	100	100
23. Peking	100	100	100	100	100	100
24. Tientsin	100	100	100	100	100	100
25. Hankow	100	100	100	100	100	100
26. Canton	100	100	100	100	100	100
27. Hankow	100	100	100	100	100	100
28. Peking	100	100	100	100	100	100
29. Shanghai	100	100	100	100	100	100
30. Hong Kong	100	100	100	100	100	100
31. Singapore	100	100	100	100	100	100
32. Rangoon	100	100	100	100	100	100
33. Madras	100	100	100	100	100	100
34. Calcutta	100	100	100	100	100	100
35. Bombay	100	100	100	100	100	100
36. Cairo	100	100	100	100	100	100
37. Istanbul	100	100	100	100	100	100
38. Athens	100	100	100	100	100	100
39. Barcelona	100	100	100	100	100	100
40. Milan	100	100	100	100	100	100
41. Geneva	100	100	100	100	100	100
42. Zurich	100	100	100	100	100	100
43. Frankfurt	100	100	100	100	100	100
44. Amsterdam	100	100	100	100	100	100
45. Madrid	100	100	100	100	100	100
46. Rome	100	100	100	100	100	100
47. Berlin	100	100	100	100	100	100
48. Paris	100	100	100	100	100	100
49. London	100	100	100	100	100	100
50. New York	100	100	100	100	100	100

[illegible]

Sl. No.	Particulars	Amount	Total
1	Salaries and Wages	1000000	1000000
2	Grants-in-Aid	500000	500000
3	Subsidies	200000	200000
4	Income Tax	100000	100000
5	Gifts and Donations	50000	50000
6	Interest on Loans	100000	100000
7	Dividends	50000	50000
8	Other Income	100000	100000
9	Depreciation	100000	100000
10	Provision for Contingencies	100000	100000
11	Reserve for Depreciation	100000	100000
12	Provision for Contingencies	100000	100000
13	Reserve for Depreciation	100000	100000
14	Provision for Contingencies	100000	100000
15	Reserve for Depreciation	100000	100000
16	Provision for Contingencies	100000	100000
17	Reserve for Depreciation	100000	100000
18	Provision for Contingencies	100000	100000
19	Reserve for Depreciation	100000	100000
20	Provision for Contingencies	100000	100000
21	Reserve for Depreciation	100000	100000
22	Provision for Contingencies	100000	100000
23	Reserve for Depreciation	100000	100000
24	Provision for Contingencies	100000	100000
25	Reserve for Depreciation	100000	100000
26	Provision for Contingencies	100000	100000
27	Reserve for Depreciation	100000	100000
28	Provision for Contingencies	100000	100000
29	Reserve for Depreciation	100000	100000
30	Provision for Contingencies	100000	100000
31	Reserve for Depreciation	100000	100000
32	Provision for Contingencies	100000	100000
33	Reserve for Depreciation	100000	100000
34	Provision for Contingencies	100000	100000
35	Reserve for Depreciation	100000	100000
36	Provision for Contingencies	100000	100000
37	Reserve for Depreciation	100000	100000
38	Provision for Contingencies	100000	100000
39	Reserve for Depreciation	100000	100000
40	Provision for Contingencies	100000	100000
41	Reserve for Depreciation	100000	100000
42	Provision for Contingencies	100000	100000
43	Reserve for Depreciation	100000	100000
44	Provision for Contingencies	100000	100000
45	Reserve for Depreciation	100000	100000
46	Provision for Contingencies	100000	100000
47	Reserve for Depreciation	100000	100000
48	Provision for Contingencies	100000	100000
49	Reserve for Depreciation	100000	100000
50	Provision for Contingencies	100000	100000
51	Reserve for Depreciation	100000	100000
52	Provision for Contingencies	100000	100000
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56	Provision for Contingencies	100000	100000
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72	Provision for Contingencies	100000	100000
73	Reserve for Depreciation	100000	100000
74	Provision for Contingencies	100000	100000
75	Reserve for Depreciation	100000	100000
76	Provision for Contingencies	100000	100000
77	Reserve for Depreciation	100000	100000
78	Provision for Contingencies	100000	100000
79	Reserve for Depreciation	100000	100000
80	Provision for Contingencies	100000	100000

Sl. No.	Particulars	Amount
1	Salaries and Wages	1000000
2	Grants-in-Aid	500000
3	Subsidies	250000
4	Income Tax	150000
5	Profession Tax	100000
6	Land Revenue	300000
7	House Tax	200000
8	Trade Tax	150000
9	Excise Duty	100000
10	Stamp Duty	50000
11	Income from Investments	100000
12	Income from Property	50000
13	Income from Other Sources	50000
14	Income from Government Securities	50000
15	Income from Public Works	50000
16	Income from Miscellaneous Sources	50000
17	Income from Unclaimed Property	50000
18	Income from Other Unclaimed Property	50000
19	Income from Other Miscellaneous Sources	50000
20	Income from Other Unclaimed Property	50000
21	Income from Other Miscellaneous Sources	50000
22	Income from Other Unclaimed Property	50000
23	Income from Other Miscellaneous Sources	50000
24	Income from Other Unclaimed Property	50000
25	Income from Other Miscellaneous Sources	50000
26	Income from Other Unclaimed Property	50000
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42	Income from Other Unclaimed Property	50000
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86	Income from Other Unclaimed Property	50000
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93	Income from Other Miscellaneous Sources	50000
94	Income from Other Unclaimed Property	50000
95	Income from Other Miscellaneous Sources	50000
96	Income from Other Unclaimed Property	50000
97	Income from Other Miscellaneous Sources	50000
98	Income from Other Unclaimed Property	50000
99	Income from Other Miscellaneous Sources	50000
100	Income from Other Unclaimed Property	50000

CITY: Monetary Union Isn't Expected to Hurt London's Market Role

Continued from Page 1

planned monetary union. Still, there are uncertainties.

Michael Cassidy, former chairman of the City of London's policy committee, said bankers based in Britain were "completely divided" on the subject, with some arguing that London would gain by standing aloof from a unified Europe with its cumbersome layers of financial regulation.

What worries Mr. Cassidy and some others, however, is the possibility that Continental financial hubs might move in on London's business anyway. They point to recent proposals by German and French officials to make it more expensive for banks located outside the countries that join in the proposed common currency, the euro, to do business in it.

Of particular concern, they add, are efforts to deny outsiders access to Europe's new Target system, which is designed to allow speedy and secure settling of large transactions in euros. The Bank of England has voiced its objection to such efforts. But British officials and bankers remain worried that they have not seen the last of these efforts to tip the legal and regulatory balance in favor of financial institutions operating from within the single-currency zone.

For London and its would-be Continental rivals, the stakes are huge. Bri-

tain's financial industry generates a \$20 billion (\$32 billion) surplus on the nation's annual trade accounts and employs more than 100,000 people, including those who work in the local offices of its nearly 560 foreign banks.

Its dominance within Europe is undisputed. London's \$464 billion in annual foreign-currency trading rivals the combined totals of New York and Tokyo and casts Paris and Frankfurt into obscurity. What is more, in the quiet and less volatile foreign-exchange market likely to be ushered in by a single currency, London's dominance within Europe is expected not simply to endure but to grow as lower trading volumes increase the need to centralize trading.

In the bond markets, four times as many German government bonds change hands in London daily as in Frankfurt. In futures and options, the dominance of the London International Financial Futures Exchange is so complete that executives there find it easier to talk about the small part of European trading that is not already theirs.

"We have all but 24 percent of the trading in short-term interest-rate contracts, and all but 30 percent of the medium-term bond contracts," said Daniel Hodson, the exchange's chief executive.

Seen from the Continent, London's lead looks even more unassailable — whether Britain ends up inside euro-

land or not. "I don't want to sound pessimistic, and I know that it is not politically correct to say this," said Philippe Ithurbide, chief economist for Societe Generale in Paris, but there is "no reason for Paris to play a major role" in any financial market.

Even in Frankfurt, the financial hub of Europe's largest economy and future home of the European Central Bank, optimism is in short supply.

"If London stayed out of the single currency, it would be easier for them to compete," said Uwe Angenendt, an economist at BHS Bank. "As a non-member, it could offer significantly lower tax rates and a better regulatory environment as well."

The Bundesbank requirement that banks place a small percentage of their German deposits on reserve at the central bank are widely credited with driving the bulk of German debt trading into the eager arms of London. There, banks can force such costly reserve requirements. Fears that the Bundesbank will insist that the European central bank follow its lead in establishing reserve requirements have only bolstered the case of those favoring the single currency as a boon for London.

In January, in a possible harbinger of life in euroland, Deutsche Terminborse, the German futures and options exchange, swallowed its pride and launched a singularly odd medium-term bond contract, one based not on interest rates offered by German banks on German bonds but on the slightly lower German rates quoted by banks in London.

Mr. Hodson, at LIFFE, called the bond an "explicit acknowledgment of London's dominance." A Deutsche Terminborse spokesman termed it "an admission that London does not have reserve requirements."

Sanguine views of London's future partly reflect a long-running trend by financial institutions toward concentrating their operations in a single regional center to try to control risks and costs. Citibank, for example, used to trade currencies in 17 European locations. Now it has one: London.

Similarly, the likes of Deutsche Bank AG, Swiss Bank Corp. and Dresdner Bank AG have in the past year consolidated their European investment banking operations around new headquarters in London.

By most accounts, the introduction of a single currency would serve to speed up that centralization as it wiped away the currency and risk barriers between countries.

NEXT: Recent talk of a delay in monetary union is music to the ears of many European bankers and financiers who profit from currency transactions. They say the move to a single currency is like paying good money for the privilege of losing even more.

BOSNIANS: Repatriation by Berlin

Continued from Page 1

go and their homes are in Serb-controlled areas."

Against such protests, German officials argue that, with the peace agreement in Bosnia more than a year old, refugees should return home to participate in the rebuilding of their country.

The refugees are costing German authorities about \$3 billion a year. Even more persuasive is the view of many Germans that their country is not a haven.

"We are not an immigrant country," said Barbara John, the Christian Democrat city official in Berlin responsible for issues relating to foreigners. "So these people should not say, 'We are the new immigrants,' because if we allow this, how can we send other people back?"

"There's a growing impatience that they should go home," Mrs. John said. "Germans still remember how they rebuilt their country, and they know that it must be done or the country will not be rebuilt. They don't take into account that there's a different situation in Bosnia."

She was referring to the divisions, largely between Muslims and Serbs. In the years that Bosnian refugees have been here, said Mrs. Memisevic in Göttingen, some refugees have become partly assimilated — the opposite of what Germany wants to happen.

"The mood is terrible," she said. "The young people have started school, they have learned German and their parents say: We want to go back, but only when we have a home to go to."

"As for the older people, many of them are sick. How can they help with reconstruction?"

Under an agreement with the Bosnian authorities last year, German officials envisaged a staged repatriation.

Single people, childless couples and Bosnians with a criminal record in Germany were to go home in a first wave, followed by those refugees with families.

The first phase was supposed to start last October and be completed by next May, Miss Kumin said at the UN High Commissioner for Refugees.

But that schedule has slipped, increasing pressure on state authorities to accelerate deportations before the second phase is supposed to start in the summer.

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Appears on Page 11

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ALLEMAGNE (zone D) DM - TVA 15%
GO: 1.09
ZONE II - F: 1.07 SCSP: 1.43
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ZONE IV - F: 1.05 SCSP: 1.40
ZONE V - F: 1.05 SCSP: 1.40

ZONE VI - F: 1.07 FOD: 0.61

BEELGIE en FFA - TVA 21%
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BUSINESS LOCATIONS IN GERMANY

A NEW MODEL FOR INWARD INVESTMENT

In the step-by-step strategy, business development agencies focus on incremental investments.

Germany's business development agencies have learned that many successful inward investments start out small, then successively "work themselves up" into large-sized ones.

The agencies are accordingly adjusting their strategies, reaching out to young high-tech firms that are making small-scale investments. Meanwhile, a wide range of serviced-office providers and property developers are specifically focusing on this market.

The number of foreign companies setting up shop in Germany continued its sharp, ongoing rise in 1996, as did the total amount of investment by foreign companies in Germany.

These two interrelated trends did not manifest themselves in Germany's 1996 inward investment figure — 2.8 billion Deutsche marks (\$1.65 billion) — which once more placed the country near the bottom of those recorded in Western Europe.

Small firms, big potential

Because it is incomplete, this figure presents a highly skewed picture of the actual situation.

It does not include the billion-Deutsche-mark investments made by the German subsidiaries of such multinationals as GM, Elf or Unilever. What is counted in the figure are initial, individual investments made by non-German companies. Over the last few years, while large in number, these investments have been small, both individually and collectively.

And no wonder. The companies making them are also quite small in size: young high-tech companies recently founded in North America and East Asia that are now expanding onto the world market. Their expansion out of their home markets into Europe has by no means been restricted to Germany. In fact, the bulk of it has gone to the British Isles because of linguistic affinities and the relatively low wages prevailing there.

Rethinking strategy

This activity — corporate foundations, expansion and international investments — has not escaped the attention of Germany's federal, state and local business-development agencies. In fact, it has caused them to partially reconfigure their investment-recruitment strategies, points out Kenneth Bremer, international investment expert and head of the Chicago-based Business Advisory Service of Germany's federal Ministry of Economics.

"I think the realization has sunk in among these agencies that the 'big ticket' investment — the one bringing thousands of new manufacturing jobs to their particular region — is a relatively scarce, very expensive creature," says Mr. Bremer.

Home away from home

"Rather than just trying to secure one investment from today's GMs and Toyotas, the agencies are also striving to get many small-sized investments from tomorrow's

Microsofts, Oracles and Informixes," he adds.

The scenario for such incremental investment opens with a "home away from home," a room in a serviced office or a technology center. This mini-office's job is to sell the company's products. Powered by a rise in revenues accruing from its new home, the company then grows, step by step, adding on technical services, logistics, product customizing and manufacturing operations in the process, and creating jobs along the way.

This scenario has already been acted out hundreds of times in Germany. Over the last 15 years, the greater Munich area alone has secured more than 200 ICT (information and communications technology) "small fry." Their step-by-step expansions have created a total of 40,000-50,000 high-quality jobs in the area without any large-scale expenditure or subsidies from the public sector.

'Big ticket investment' —

the one bringing

thousands of new

manufacturing jobs — is a

relatively scarce, very

expensive creature'

Value for money

The value-for-public-money of such small investments contrasts sharply with "big ticket" investments made in the microelectronics and shipbuilding sectors in Saxony and Mecklenburg-Western Pomerania by non-German companies. Several thousand jobs have been created or secured by these multibillion-Deutsche-mark investments — at a mean cost of 300,000 DM per job to the public sector.

Other areas in Germany where the step-by-step scenario has been followed include, notably, the Rhein-Main-Neckar area, which has attracted scores of foreign logistics, professional-services, telecommunications and pharmaceutical companies from North America, Britain, South Korea, the Benelux countries and Japan.

Greater Hamburg has been spectacularly successful with the Chinese, recruiting companies from the People's Republic of China, Taiwan and overseas Chinese communities in Southeast Asia. Most of Hamburg's new arrivals have started out as local outlets of trading houses, with a number then working their way up to carrying out light assembly and even full-fledged manufacturing in the region.

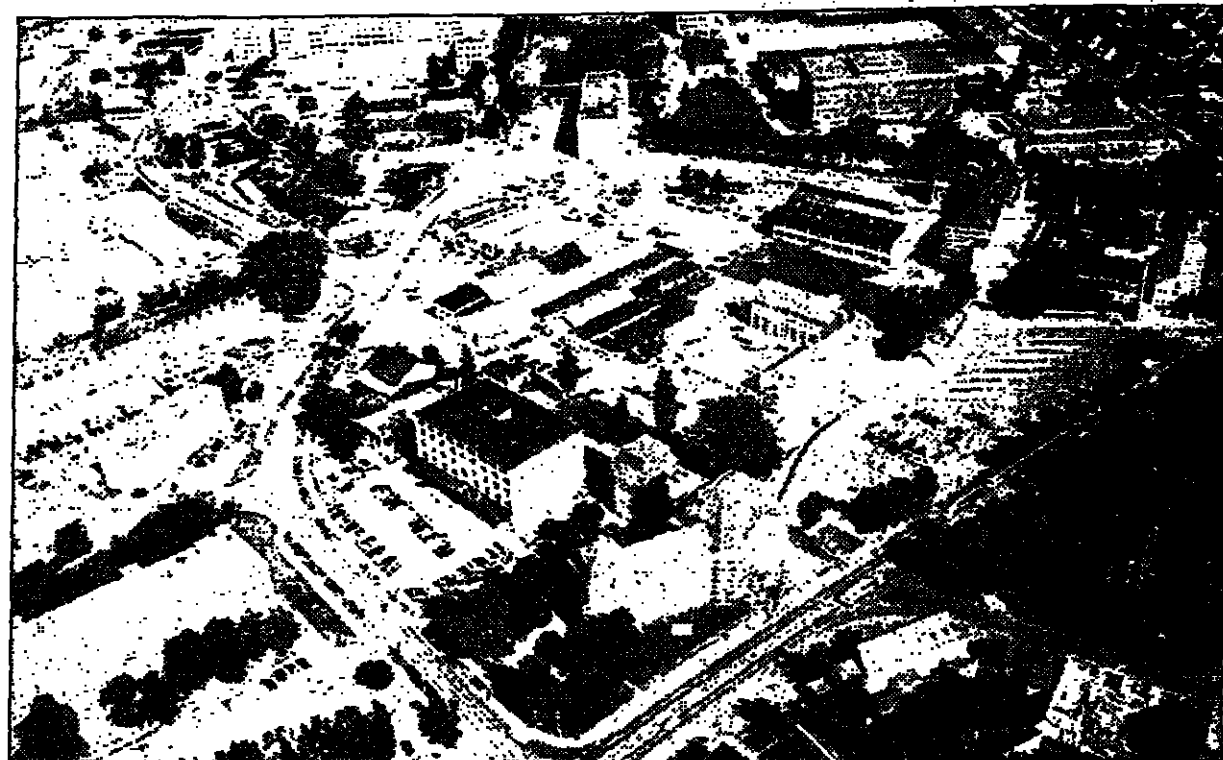
Good timing is crucial

While these states and communities strive to parlay their initial successes into further investment, other areas are endeavoring to emulate them. It is not an easy process. Each year, North America and East Asia generate an ever-greater number of newcomers, each with its own highly arcane technologies. Not only is it difficult to track these companies, but they also have to be approached at the right time.

"The goal is to recruit the young high-tech companies just after they've established themselves as proven performers and just before they start setting up their international networks. It's a small window of opportunity," says Klaus A. Schlick, who is responsible for securing investment from North America for Baden-Württemberg's Ministry of Economics.

Terry Swartzberg

STARTER PROPERTIES



The step-by-step scenario begins with a base in a serviced office or industrial park, like the one pictured here in Sömmerda.

Like the country's business development agencies, Germany's private sector is now aggressively recruiting in the foreign start-up area. The outreach is led by such service-office providers as Berlin's Pedus group, which maintains facilities in many major German cities.

Many of the most aggressive and successful providers of "starter properties" to foreigners are in the country's eastern states. There's a reason for this, says Friederike Körner, a Berlin-based investment development consultant

who has been commissioned to market an industrial park in Sömmerda. "One of the products of six years of modernization in Germany's eastern states has been the creation of a large stock of completely modernized facilities. Following the principle of redevelopment, the state has largely borne the cost, meaning that the old-new facilities are available at highly advantageous prices," she says.

Price is just one of the inducements attracting "step-by-steps" to such complexes as Sömmerda's

industrial park. Once a main venue for East Germany's production of office machines, the industrial park has attracted over 100 companies over the last five years.

These companies have been predominantly small and medium-sized, but have included such giants as Japan's Fujitsu, one of the world's three largest computer companies. The companies' investments have created over 2,000 jobs.

"It's also the built-in flexibility that has attracted the companies to Sömmerda,"

explains Ms. Körner. "The companies can get their offices or production areas configured to meet their initial and subsequent requirements. The result is a facility that grows, step-by-step, with the start-up investor."

But only to a certain point. "Over the past five years, some of the start-ups have been so successful that they outgrew the existing buildings in Sömmerda," Ms. Körner says. "They were forced to build their own facilities. However, several of the plots acquired were on the industrial park's grounds."

T.S.

MIPIM LOOKS TO THE NEW CENTURY

The theme "Property: Future Objectives" of the eighth edition of MIPIM (Marché International des Professionnels de l'Immobilier) will "attempt to define the challenges and issues that property professionals will have to confront at the dawn of the 21st century," says My-Lan Cao, MIPIM press and conference manager.

The program for the

commercial property show will cover such topics as financing, the Internet, work environments in the year 2000 and the property markets of Asia.

More than 7,000 participants are expected to visit Cannes' Palais des Expositions, where more than 300 stands representing more than 800 exhibitors will be on display. More than 50 countries

will be attending, with delegates drawn from all disciplines of international real estate, including builders, developers, property advisors and government authorities at city, regional and national levels.

Ms. Cao cites an increasing number of end-users and large numbers of German participants as two trends marking this year's show.

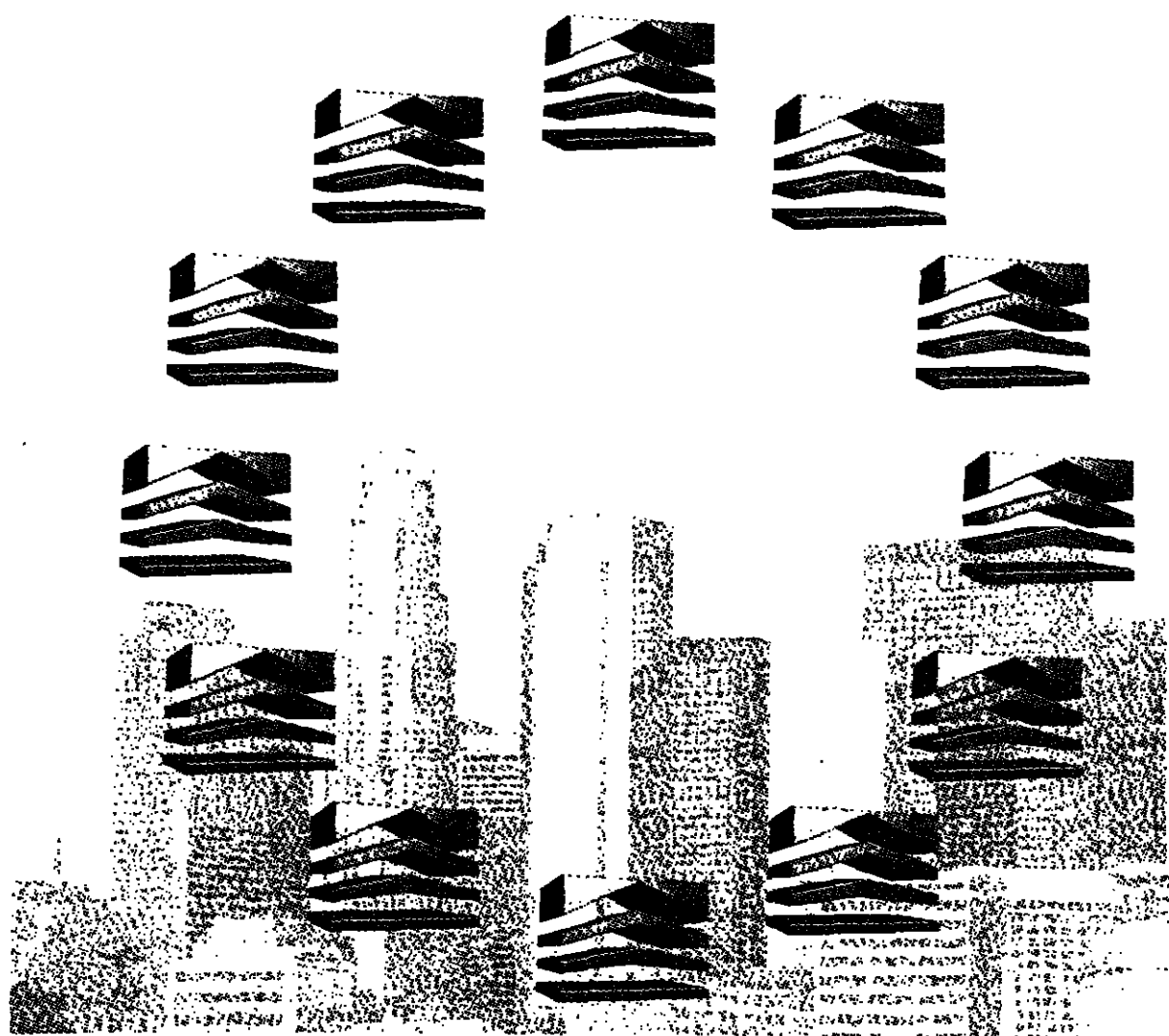
Stands at MIPIM will be operated by public- and private-sector agencies from German cities and regions

including Berlin, Bremen, Frankfurt, Hamburg, Hannover, Heidelberg, Leipzig, Ludwigshafen, Mannheim, Munich, Potsdam, Stuttgart and the Rhine-Ruhr region.

MIPIM opened Thursday in Cannes and runs to March 16.

Claudia Flisi

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BUSINESS LOCATIONS IN AUSTRIA

VOTE OF CONFIDENCE FOR THE ECONOMY

Pro-business policies and high-performing corporations induce a record inflow of investment.

In 1996, the world's business community invested a record 40 billion Austrian schillings (\$31.5 billion) in long-term capital in the country, some six times the 1995 amount. Austria's 1996 total represented one of the best inward investment per capita figures in the world. Large as it is, however, the total amount of inward investment in Austria was only one-14th of the amount—582 billion Austrian schillings—originating from domestic sources. This domestic investment has been rising at a brisk 6 percent rate during the 1990s.

Investing in its future

Where is this unprecedented amount of domestic and non-Austrian capital going?

In 1996, the Austrian business sector's total investments in new industrial equipment, systems and structures—the building blocks of its future—amounted to 5 percent of the country's entire private-sector turnover. This figure was among the highest in the European Union, reports the Austrian National Bank, the country's central bank, in its annual survey of the country's economy. Powered by the ongoing influx of capital, this figure is set to rise a further 4.7 percent in 1997, also one of the best rates in Europe, according to Vienna's Institut für Höhere Studien (IHS), one of the country's leading economic forecasting institutions.

Reasons for success

This success has led to speculation in Germany's financial pages on the causes of Austria's "investment miracle." One common explanation proffered for the inward investment is that Austria's capital assets—including its real estate—are relatively cheap by the standards prevailing in the rest of Europe.

"From our dealings with international companies, we have gained quite a different impression," says Klaus Fischbacher, chief executive officer of Wiener Wirtschaftsförderungsfonds (WWFF), the agency charged with providing sites and services to companies interested in investing in Vienna. "Their willingness to invest has been induced by the wide range of pro-business, pro-growth policies instituted in Austria."

One thrust of these policies has been the removal of counterproductive taxes, a subject dear to any business executive's heart.

Austria's top-to-bottom overhaul of its tax system, which took effect on Jan. 1, 1994, eliminated the taxes levied on businesses' total net assets and on the sum value of their capital and earnings.

Germany takes note

Germany is now moving to "follow Austria's suit" and abolish these classic forms of disincentives, according to an early February report in Handelsblatt. The German business daily went on to praise other features of Austria's tax reform, including its simplification of the thicket of tax deductions and charges.

Senior Austrian executives agree that the country's assets are relatively cheap, but rather than viewing this as a dismissive description of the assets' affordability, they see it as the best proof of the viability of Austria's economy.

"The price of an asset is never determined on a stand-alone basis," points out Siegfried Sellitsch, chairman of the executive board of Wiener Städtische-Versicherung Allgemeine Versicherung AG, Austria's largest insurer and one of the principal investors in the country. "It is based on the level of return expected to be achieved from it, and the security of value associated with it. Because both are high—and even getting higher—in Austria, and have been so for quite some time, Austria is perceived as an 'affordable' country."

Rise in profits and productivity

Mr. Sellitsch's views are buttressed by a variety of official figures. At an attractive 2.8 percent of total net sales, the average rate of return for the country's manufacturers has risen by 43 percent over the past three years and is nearly half a percentage point higher than the "golden days" of 1991 and 1992.

This improvement in profitability has been caused by a sharp increase in productivity per capita, which has risen 14 percent over the past three years.

The figures also show that Austria's companies have very healthy balance sheets. In 1995, Austrian manufacturers' average cash flow sufficed to fund all their investments 1.4 times over. That is a full 17 percent better than the figure three years previously. Their relative level of indebtedness is at a five-year low, with their capital backing at a five-year high. ■



Thanks to a highly skilled work force and a gift for innovation, Austria's high-tech industries are flourishing.

INDUSTRIAL COMMUNITY THRIVES ON SPLITS

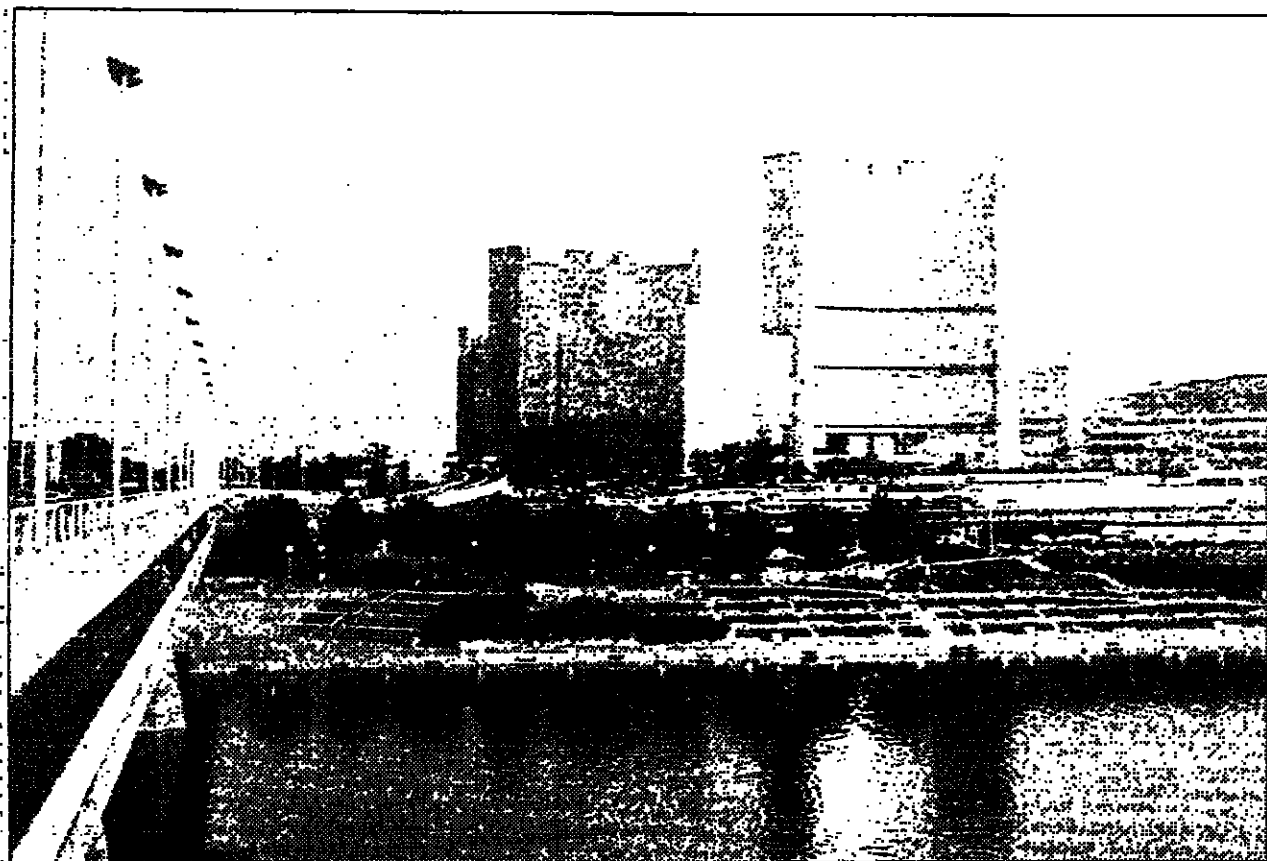
For Vienna's industrial community, the "bypass" was expected to come immediately—with drastic results. Non-Austrian companies would flock to take advantage of the sharply lower wages offered by Austria's eastern neighbors, each with a proud industrial tradition of its own. On their trek eastward, these companies would be accompanied by a good part of Austria's own industrial sector, also bent on reducing operating costs.

This dire scenario has not materi-

alized. "At Philips, we've found that Austria and its eastern neighbors, rather than being arch-competitors, actually complement each other, forming together a very viable whole," says Wim Wielens, CEO of Philips Austria. With 10 factories (five of them in the Vienna area) employing more than 6,200 persons, Philips is one of Austria's leading high-tech manufacturers.

"Austria's workforce has a very high level of qualification and is very reliable," says Mr. Wielens, a 23-year

veteran of the world's high-tech scene. "Austria's suppliers show this same reliability. The suppliers are also very gifted in adapting to manufacturers' changing needs and to incorporating innovations into their products. This adaptability and innovativeness are at the heart of high-tech production, as is the achieving of a final price making the product salable on world markets. That is attained by carrying out part of our production at our facilities in Hungary."



Numerous multinationals have set up their regional headquarters in Vienna, the hub for Central and Eastern Europe.

RUSH TO VIENNA CONTINUES UNABATED

For multinational corporations, Vienna remains the gateway to Central and Eastern Europe.

Throughout the early 1990s, multinational corporations rushed to set up business divisions covering the Central and East European market. A large majority of these corporations chose to locate their division headquarters in Vienna.

It was a temporary phenomenon, agreed all observers. The next generation of headquarters foundings would bypass Vienna for Prague, Budapest or Warsaw, once these cities had brought their telecommunication systems, professional services and office and residential space up to Western levels.

After seven years of building and upgrading, Prague, Budapest and Warsaw now have modern telephone systems, clusters of sleekly gleaming office and residential complexes, and high-performance service sectors. Vienna, however, continues to witness a wave of headquarter foundings, according to an authoritative study released in late 1996 by Österreichisches Institut für Wirtschaftsforschung (WIFO), the Vienna-based economic research organization.

The study found that major multinational corporations are still flocking to Vienna. To date, some 87 corporations have set up large-scale offices in the city, employing 40,000 people.

No less than 63 of these offices serve as their companies' headquarters for all or part of Central and Eastern Europe. Two-fifths of these headquarters predate the fall of the Iron Curtain. The study found that most of them had recently experienced major upgrading, which involved the headquarters' receiving

new areas of responsibility (such as additional countries) or new kinds of responsibility (such as supervising production).

According to the report, fully 70 percent of the companies plan to maintain their headquarters' activities at the same level—or to increase them.

The power of attraction

The increasing use of Vienna as a regional hub has come as no surprise to local officials.

"I've always said that Vienna's attraction is absolute, not relative, and that we weren't in a win-lose situation," says Brigitte Ederer, the municipal councilor responsible for managing the city of Vienna's finances. "It's not a question of Vienna losing when other, nearby cities grow in attractiveness. Quite the opposite. Part of Vienna's unique attractiveness stems from its proximity to so many other attractive cities."

Many experts see a two-tier hierarchy of markets now emerging in Central and Eastern Europe: a number of thriving, rapidly growing national markets, each with the country's capital as its hub, and the intra-regional market, centered around Vienna.

To Alexander Neuhuber, head of the Austrian office of the international realtors DTZ, Vienna's internationalism has achieved a self-perpetuating impetus.

"This ongoing move by the international business community into the city has kept demand for real estate strong and stable," he says. "The steadiness of demand, in turn, has

encouraged developments to come up with new kinds of properties, thus providing an even greater range of properties, and yet further impetus."

New urban hub

Prominent among these developments is the Donau City complex, billed as Vienna's new urban hub. To be located on the Danube's eastern riverbanks (Donau is German for Danube), and immediately adjacent to the United Nations' Vienna International Center, this vast 17.4-hectare (43-acre) project will comprise two office towers, 1,500 apartments, a range of university-level institutions and a technology center, as well as a school, sports facilities and a cultural center.

This complex will be built in three phases. The centerpiece of the first is the strikingly modern Andromeda tower, 110 meters (360 feet) high and set for completion by the beginning of 1998.

"We've tried to think of everything a modern company would require and provide it in Andromeda," says Wolfgang M. Markowitsch, who is managing the Donau City project for Wiener Entwicklungs-Gesellschaft für den Donauraum AG (WED), its developer.

In addition to state-of-the-art communication links and an automatic facility management system, Andromeda's interesting features include its shape. "We picked an oval because it allows for the maximizing of usable space, ensuring that our tenants get the greatest use out of their offices," says Mr. Markowitsch. ■

TRANSPORTATION FACILITIES BEGIN TO PROFIT FROM PEACE AND PROSPERITY

Vienna's port and international airport play an increasingly important role in the region.

In 1990, the catchment area of Austria's major transport facilities doubled. It has taken the advent of peace and prosperity in Eastern and Southeastern Europe for the facilities to reap the benefits of this location.

Although more bulk goods flow through Duisburg in Germany, Vienna has Europe's largest inland harbor, at least based on the number of containers making their way through the port. This is an impressive accomplishment for the port. Unlike Duisburg, Vienna is not located at the center of a large-scale industrial conurbation and at the junction of two major rivers—in Duisburg's case, the Rhine and the Ruhr. Vienna is, however, on the Danube, itself a major artery, and the city is located in the heart of Central and Eastern Europe. These facts alone do not fully account for the success of Vienna's port—a dozen other cities are also located along the Danube in Central and Eastern Europe.

So what is the reason for Vienna's achievements?

"Most of the world's great ports made themselves such with a great deal of hard work," says Ronald Schrems, the managing director of Wiener Hafengesellschaften, the authority operating the city's port. "Examples include Hamburg, some 45 kilometers (28 miles) from the ocean, and Rotterdam, which had been a minor backwater for most of its existence. Vienna is no exception. It has always been a fairly large-sized port. In the early 1980s, the authority's management systematically forged links to the shippers in Rotterdam and Antwerp, and invested heavily in facilities for the transloading, maintaining and supplying of containers."

The benefits of peace

Most of this container-borne traffic arrives, rather incongruously, by truck. "We are basically a transloading facility for trucked containers," says Mr. Schrems, "although we expect the water-borne side of our business to pick up now that the situation farther down the Danube shows signs of normalizing. Water-based transport is, after all, a highly economical way of shipping freight, and that's ideal for Southeast European economies."

How large will this peace bonus be? "Considering that 90 percent of our through-freight comes from the West, there's plenty of room for improvement," says Mr. Schrems.

Vienna International Airport's problem was not a lack of peace, but of prosperity. The fall of the Iron Curtain had

given it a large catchment area—around 14 million people. This catchment area, however, came with a catch—the people living in the airport's new, eastern area were still impoverished. Not only were they unlikely to be able to afford to fly, but the relative lack of business activity would also forestall Western business travelers from visiting the Czech and Slovak Republics, Hungary and Southern Poland.

Since 1991, these four countries have been developing dynamically, with Poland, the Slovak Republic and the Czech Republic leading Europe's growth sweepstakes in 1996. This growth has had a direct impact on the airport. Since 1991, the number of passengers landing and taking off from Vienna airport has increased by 58 percent. Not



The advent of peace in the region has boosted Vienna's role.

coincidentally, the number of flights to Central and Eastern Europe has also expanded dramatically.

The increasing importance of Central and Eastern Europe is changing Vienna International's role. "We've always been the prime gateway to Austria for the international business community," says Peter Bolech, the airport's executive vice president for aviation. "More than a quarter of all people arriving in Austria—and a preponderance of business travelers—do so via the airport. Transit passengers now account for one-tenth of all people passing through Vienna. That's a new, all-time high—and one set to grow in the years to come." ■

USEFUL ADDRESSES IN AUSTRIA

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ASIA/PACIFIC

Shanghai Merges State Firms

Analysts Question Benefits of the Move

Compiled by Our Staff From Dispatches

SHANGHAI — Authorities here approved the merger of two publicly traded electronic equipment companies Thursday, the first of what is expected to be a series of mergers aimed at stimulating poorly performing industries.

But analysts dismissed the move as a cosmetic gesture and said it was not clear there would be any real benefits to the companies.

Shanghai Vacuum & Electron Devices Co. said all of its state shares had been transferred to Shanghai Video & Audio Electric (Group) Co. from Shanghai Electric Masters (Group) Co., a subsidiary of the Shanghai city government.

In a similar announcement, Shanghai Video & Audio Electric Co. said its state shares had been transferred to Shanghai Video & Audio Electric (Group).

Shanghai Vacuum & Electron Devices supplies color-television tubes to Shanghai Video & Audio Electric, which has performed poorly in recent years.

The merger, and similar ownership changes being promoted by the government, are designed to help China's state-owned public companies gain some liquidity. That, in turn, should facilitate acquisitions and takeovers by other state-controlled entities, analysts said.

"These cases are the first results of the serious efforts being made by the city government to reconstruct the assets of listed firms," an executive with a public Chinese company said. The Shanghai city government said this year it would encourage healthy state enterprises to acquire large amounts of shares in poorly performing public companies.

But some analysts said the merger would not have long-term benefits. In theory, the move should enable both companies to pool their resources to improve competitiveness, analysts said, but in reality it was an academic exercise because there was no injection of assets.

"It's a case of changing the soup without changing the medicine," one foreign analyst said. "It is not going to cure the companies." (Reuters, AFP)

Thailand's Mr. Fix-It in Pinstripes

Bloomberg News

BANGKOK — In an ill-fated bid to become Thailand's prime minister in the early 1990s, Amnuay Viravan donned traditional farmers' overalls but could not find the common touch that is vital in the horse-trading world of Thai politics.

Now, back in his more familiar pinstriped suits, the 64-year-old career banker is once again on the campaign trail, courting a more familiar constituency.

From Davos, Switzerland, to Hong Kong to New York, Thailand's finance minister must persuade international investors he will be able to help lead the country out of its worst financial crisis in more than a decade. He has his work cut out for him. The economy, which grew at a rate of 8 percent a year between 1985 and 1994, may grow less than 4 percent this year.

"He's the right man at the right time," said J. Mark Mobius, who manages \$12 billion in emerging market investments for Templeton Emerging Markets Funds Inc. "But in many



Mr. Amnuay, in casual attire.

ways, his hand are tied. The real decisions are political."

Named finance minister in a fractious six-party coalition after elections in November, Mr. Amnuay was initially lauded as a career manager who had the tools to help rebuild confidence in an economy growing at the slowest pace in a decade.

But a stream of setbacks buffeted Thailand's stock market, currency and debt ratings, forcing Mr. Amnuay onto center stage. Since he took over as finance minister Dec. 1, the benchmark stock index has dropped more than 20 percent, extending the 25 percent decline it posted

for all of 1996. The central bank has raised interest rates to their highest levels in more than two years to ward off an attack on the currency, which fell to a 10-year low. Last month, Somporn Land PLC, one of Thailand's biggest developers, became the first Thai company to default on its international debt.

The country's credit rating also is under threat. Moody's Investors Service Inc. is con-

sidering a downgrade, citing a mountain of bad debt that could rock the banking industry. Mr. Amnuay met with Moody's officials last week to make his case.

This week, the finance minister made his strongest move to turn things around: He unveiled a bailout plan for debt-laden property lenders and developers. The cabinet approved the plan, whereby the government will guarantee as much as 100 billion baht (\$3.85 billion) in bonds to buy nonperforming loans and unfinished property developments.

That plan initially buoyed the stock market, driving it up more than 6 percent in three days, its best run in two months.

[Mr. Amnuay will lead a delegation to the United States April 6-9 to promote a \$500 million bond issue, Reuters reported Thursday, quoting a Finance Ministry source.]

[The finance minister, accompanied by Thai executives such as Viroj Nualkhair, chief executive of the brokerage firm Phatra Thanakit PLC, will begin his trip in Washington, the source said.]

Not all the banker-turned-politician's plays have been as popular, however. He was publicly scolded last month by his deputy, Chavarat Charnvirakul, for identifying 10 finance companies that he said lacked sufficient capital. That triggered a run on those companies' deposits of more than 10 billion baht. "To publicly single out a few companies was dangerous and wrong," Mr. Chavarat said.

LG Semicon Seeks to Play Down Memory Chips

Compiled by Our Staff From Dispatches

SEOUL — LG Semicon Co. said Thursday it would spend \$1 billion to start making thin-film transistor liquid-crystal displays in early 1998 to try to offset its heavy reliance on memory chips.

"Our business depends about 90 percent on semiconductor memory chips, and because that industry is currently in a slump, we felt that we needed to diversify our operations," Mark Schroeder, a spokesman for

the company, said. LG said it would build a factory in Kumi, South Korea, with a projected annual production volume of 2 million 13.3-inch and 15-inch thin flat transistor display units.

These screens are thin enough to be used in high-performance notebook computers and offer clearer pictures than older screens.

Because the business cycles of semiconductor and of liquid-crystal displays tend to be different, "this

investment will allow us to hedge against future downturns in either industry," Mun Jung Hwan, LG Semicon's deputy chairman, said.

Several other South Korean electronics makers also have announced moves recently to protect themselves against the oversupplied, slumping market for memory chips and to seek profits in such emerging sectors as top-end nonmemory chips and liquid-crystal displays. The trend has led to some concern that the market

for liquid-crystal displays now could face a glut. Tony Chung, an analyst at Jardine Fleming Securities in Seoul, said that a "recent investment spree" by Japanese and South Korean companies meant that the global LCD market "may encounter oversupply" starting next year.

LG Semicon's shares fell 1.9 percent to close at 26,000 won (\$29.64), mirroring a 1.6 percent drop in the semiconductor subindex. (Bridge News, Bloomberg, AFP)

Seoul's First Hostile Takeover Bid Hits a Wall

Bloomberg News

SEOUL — Shindongbang Co. retreated from South Korea's first hostile takeover bid Thursday, bowing to pressure from the country's business leaders.

The chairman of Shindongbang and of Daewoo Group — the two corporations locked in the takeover battle — met to seek a truce under

pressure from business leaders representing the country's biggest industrial groups, or chaebol.

Analysts said the pressure made little business sense and ran counter to a government plan to ease rules on mergers and acquisitions April 1 to enhance the competitiveness of South Korean companies.

"Chaebol are applying pressure

because they have a sense of crisis that they themselves may become the next target of hostile takeovers," said Wang Sie Woon, research head at Daishin Economic Research Institute. Shindongbang, a leading food maker that holds shares in the retailer Midopa Co., said last week that it was considering buying the nation's third-largest depart-

ment store chain, which is owned by Daewoo, a chaebol.

South Korea's first hostile takeover battle involving chaebol has been watched by foreign investors because its outcome may shape government policy on takeovers. The government's plan to make takeovers simpler is a key part of its financial reform program.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
14000	2250	22000
13500	2200	21000
13000	2150	20000
12500	2100	19000
12000	2050	18000
11500	2000	17000
11000	1950	16000
10500	1900	15000
10000	1850	14000
9500	1800	13000
9000	1750	12000
8500	1700	11000
8000	1650	10000
7500	1600	9000
7000	1550	8000
6500	1500	7000
6000	1450	6000
5500	1400	5000
5000	1350	4000
4500	1300	3000
4000	1250	2000
3500	1200	1000
3000	1150	0
2500	1100	0
2000	1050	0
1500	1000	0
1000	950	0
500	900	0
0	850	0

Source: Teletels

Very briefly:

- China released an executive of Royal Dutch/Shell Group after more than a year in prison. Xiu Yichun was detained in January 1996 for allegedly receiving sensitive information about a proposed joint venture with the Nanhai refinery.
- Japanese companies' capital investment for the year ending in March 1998 is expected to fall 1.3 percent, to 28.7 trillion yen (\$233 billion), the Japan Development Bank said, citing a slowdown in investment in telecommunications and semiconductors.
- An Indonesian tobacco executive, Putera Sampoerna, plans to buy a 15 percent stake in PT Indofood Sukses Makmur, a noodle manufacturer.
- Asia Commercial Bank in Ho Chi Minh City will begin issuing ACB-VISA cards this year, making it the second financial institution in Vietnam to issue credit cards.
- Coles Myer Ltd., Australia's biggest retailer, said net profit rose 41 percent, to 273.6 million Australian dollars (\$217.2 million) for the six months ended Jan. 26, for the company's first profit increase in two years.
- New Zealand's Reserve Bank governor, Don Brash, said monetary conditions in the country were too tight. "We will be looking to see conditions ease toward those we are seeking," he said. (Bloomberg, Reuters, AFP)

BT and NTT Plan Singapore Bid

Agence France-Press

SINGAPORE — British Telecommunications PLC and Nippon Telegraph & Telephone Corp. have formed a consortium with two local companies to bid for Singapore's second telecommunications license, the companies said Thursday.

The local companies in the consortium are ST Telemedia, an arm of state-run Singapore Technologies group, and Singapore Power Pte., the island's energy supplier.

DOW: Industrial Average to Trade In Laggards for New Members

Continued from Page 13

to a larger re-evaluation of all of the stocks, he added.

In 1991, Walt Disney Co. replaced USX Corp. in the Dow. Caterpillar Inc. replaced Navistar International Corp. and J.P. Morgan & Co. replaced Primerica.

Common-Cents Legislation

Two members of Congress have introduced legislation to require that stocks be quoted in dollars and cents rather than in fractions of dollars as at present, Brett D. Fromson of The Washington Post reported from Washington.

The two, Michael Oxley, a Republican from Ohio, and Edward Markey, a Democrat from Massachusetts, said the current method of quoting stock prices was "archaic" and enriched Wall Street at the expense of customers.

In an economy where prices are routinely given in pennies, dimes and dollars, the stock market's practice of quoting stock prices in eighths of a dollar has seemed a puzzling oddity to many investors.

Investors must constantly convert 1/8, 1/4, 3/8 and 1/2 into decimals to figure out how much change they paid or received

per share when they traded. (The answers are 12.5 cents, 37.5 cents, 62.5 cents and 87.5 cents a share, respectively.)

The intent of the bill is to narrow the differences between the various prices quoted by dealers by using the decimal system. Instead of being listed at a price of 32 1/2, or \$32.125, for example, a stock would be quoted at \$32.10, saving investors 2 1/2 cents a share in trading costs.

Academic studies have suggested that the potential annual savings to investors in U.S. stocks could range from \$4 billion to \$9 billion.

A spokeswoman for Mr. Oxley said he thought that quoting stocks in eighths "should go the way of the slide rule" and that a "modern decimal system is in the best interest of small investors and our national competitiveness."

Most other markets around the world use the decimal system.

A statement issued by Mr. Markey called quoting stock prices in fractions of a dollar "a relic of the era of powdered wigs, knee breeches and pieces of eight." As markets prepare to move into the 21st century, he said, "it's time we moved to trading in dollars and cents."

When the New York Stock Exchange was founded in 1752, the Spanish dollar

was the most popular currency, according to Robert Sobel, a historian of the stock exchange.

Amounts smaller than a dollar at that time were expressed in eighths — as in "pieces of eight." The U.S. exchanges simply never changed that convention.

The issue of switching to the decimal system has some support at the Securities and Exchange Commission and in Congress, but it has never reached the legislative level before. Although the bill Mr. Oxley and Mr. Markey offered could stimulate debate on the issue, it is far from certain that it will become law.

Wall Street lobbyists were expected to resist the effort, which would force them to spend hundreds of millions of dollars on new trading systems and would cut into their trading profits.

Brokers typically mark up stock prices before selling the shares to customers. Under a decimal quote system, dealers could see their markup shrink.

The SEC's chairman, Arthur Levitt Jr., has not pushed for decimalization. Government sources said he believed that such a move would be a good idea for investors and was inevitable in any case. But they said he was uncertain about its ultimate benefits and costs.

Southern Africa Trade & Investment Summit

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Following successful meetings in South Africa and Zimbabwe, the International Herald Tribune is convening the third Southern Africa Trade & Investment Summit in Botswana on November 18 & 19. The event will be lead by heads of state and ministers, with key industrialists and financiers among the speakers.

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Herald Tribune

COMPUTER INDUSTRY / A SPECIAL REPORT

U.S. Computer Services Giants Edge Out Europe's Home-Grown Rivals

By Erik Ipsen

LONDON — Having lost the battle to build credible global rivals to the American computer hardware and software firms, Europeans were hoping to do better in the fast-growing market to service, run and upgrade corporate computer systems.

Increasingly those hopes look ill-founded. "Once you take out the top two European companies, you find that the bulk of this market belongs to U.S. companies," said David Clayton, an analyst with the brokers BZW.

In fact, two companies currently claim to rank as the "giant" of the roughly \$50 billion per annum European computer services industry and neither one of them happens to hail from Europe. Instead from Athens to Antwerp, it is EDS of Plano, Texas, and IBM of Armonk, New York, vying for the title of market leader. Lagging well behind are Europe's largest home-grown contenders, France's Cap Gemini and the Anglo-French Sema Group.

Until four or five years ago, such rankings actually counted for little. Then the market was so fragmented that it mattered little who led it. Even when combined, the market share of the leaders remained small enough to leave the vast bulk of the market in the hands of hundreds of mostly national, not even pan-European, firms. A wave of consolidation which began three years ago and continues to this day is changing that, tipping the balance of power more in favor of the large and increasingly American firms.

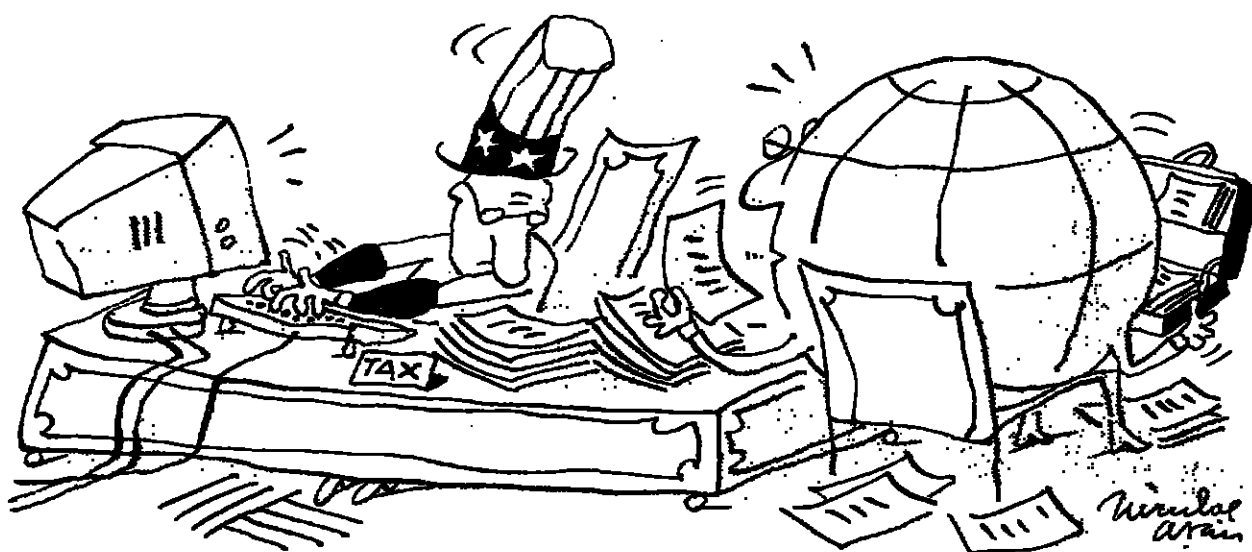
Last year, for instance, IBM snapped up, among others, Britain's Data Sciences with its 1,700 employees and annual revenues of \$150 million.

"The consolidation continues," said Hans Ulrich Maerki, general manager of the European arm of IBM Global Services. "I have got on my desk right now for sale offers to us from nearly 20 smaller companies."

Many insist that even such strong national companies as Britain's Logica and France's Axime face a difficult decision. They must "expand extremely fast overseas or become part of another group," said Alwyn Welch, sales head for Cap Gemini, which has itself made a string of acquisitions in recent years in Europe, and just last year established itself in Southeast Asia. At 14.3 billion French francs (\$2.6 billion), its total 1996 revenues now place it far ahead of its European rivals, but below what EDS earned in Europe alone, and a mere fraction of EDS's 1996 total of \$14 billion in revenues.

Nowhere does such size count for more than in outsourcing. There the sheer dimensions of the larger transactions all but bar smaller bidders. Two years ago, for instance, when Britain's Inland Revenue turned over its data processing functions to EDS, that 10-year \$1 billion (\$1.6 billion) contract involved the transfer of 1,500 employees from the government to EDS's employee roster (which as of today stands at 20,000 in Europe alone).

"Not many companies could take on a contract like that involving thousands of employees and the running of an integral part [tax processing] of government," said Tim Ryan, president of



the industrial development group at EDS.

Even the awarding of smaller contracts now favors larger, more established firms as customers seek assurance that the company they are entrusting their commercial future to will be around for the entire 5-10 year duration of the contract. Add up all of those factors and even many Europeans conclude that it is becoming increasingly hard for anyone to compete with the large, mostly American computer services companies.

Where the Europeans do better is in the far more fragmented marketplace for so-called systems integration work — the tying together of computer soft-

ware and hardware for clients under fixed term, fixed price contracts. There size is less important than is a deep understanding of what remains, despite the European Union's five-year-old single market, a welter of national markets.

That is especially true in formerly sheltered industries like telecoms. The opening up of those industries to competition has been by most accounts one of the most important factors underpinning the computer services industry's return to 15 percent growth after nearly stagnating early in the decade.

Privatizations and the easing of regulations that had effectively cosseted

many financial institutions have all created huge demands for new computer systems that can provide the better, cheaper service now deemed so commercially vital.

Those computerized solutions, however, remain highly specific to their markets.

"Credit Agricole is not necessarily interested in what the Britannia Building Society is doing," said Pierre Bonelli, chief executive of the Sema Group. "Customer expectations and bank practices in dealing with their customers are different in different countries."

For hundreds of smaller European systems integration firms, those national quirks are their best guarantors of

profitability and longevity. As Mr. Bonelli insists, "The day when the technology becomes mundane is when strong concentration occurs [in the computer services industry]. Most experts agree that the stubborn survival of quirky national and local markets will help stave off that day."

But for how long? Many experts predict that the more competitive Europe's phone companies, banks and others become, the more they will become alike, and better able to absorb lessons learned elsewhere. Already Vernon Ellis, managing partner for Europe of Andersen Consulting, says that his company has found success bringing lessons learned in a credit card processing contract for BancOne in Ohio to Barclaycard in Britain and to Germany's GZS.

Europeans fearing the imminent rout of the home team by interlopers from America in yet another high technology industry take heart. Two of the most powerful of those invaders — IBM with its special strength in outsourcing and Andersen Consulting with its stress on systems integration — both deny their American-ness.

"I consider IBM to be a European company, with very few of our 42,000 employees here being American," said Mr. Maerki, who himself is Swiss. Not to be outdone Andersen's Mr. Ellis defined his company even more broadly. "We are owned by our partners around the world," he said, opting to describe the firm therefore as "neither American nor European... but global."

ERIK IPSEN is the London correspondent for the International Herald Tribune.

In Quest for Better Communications, Companies Upgrade Technology

By Paul Floren

PARIS — This may be the year that computers are defined by how well they communicate. Software and hardware makers are busy creating new ways of linking computers and people over the Internet and intranets.

Netscape Corp., one of the leaders in browsers, or software that helps simplify Web searches, is due to announce Constellation, a software package that will integrate with and enhance the communications capabilities of a computer's native operating system and application software.

Designed to work closely with Net-

scape's best-selling communications package, Netscape Communicator, the company says Constellation will provide seamless access to all the Communicator components, including open e-mail, groupware and browsing, as well as information customization and netcasting.

It will work on the same operating systems that support Communicator, including Windows 3.1, Windows 95, Windows NT, Macintosh, and Unix. Constellation also will enable information-system managers to remotely maintain and update user workspaces from a central location.

IDT Corp. has developed a new way of using the Internet for voice traffic. IDT's Net2Phone software enables the

Internet user with a sound-equipped PC to initiate calls from a computer and transmit them over the Internet to IDT's central telephone switch. The switch then automatically and instantaneously relays the call to its destination. The result is real-time, uninterrupted, simultaneous voice communication — identical to a telephone call.

The advantage to users is in the cost. Because the signal is carried over the Internet until it reaches IDT's phone switches in the United States, rates are not dependent upon the location of origin. Users therefore pay as little as 10 cents a minute for calls to the United States from anywhere in the world.

Microsoft Corp. has been hard at work on the next version of Windows

95. Code-named Memphis, the project underscores Microsoft's commitment to the Internet and multimedia applications.

As Bill Gates, Microsoft chairman, recently wrote: "Over the next year, our approach will be to make Windows so Internet-friendly that you will be able to browse Web pages the same way you look at files and folders on your hard drive."

The new features of the Memphis operating system will include: integrated Internet/intranet browsing, built-in communications and collaboration software, support for the latest hardware, the latest multimedia components with features to make PCs more self-maintaining, as well as all features currently available in Windows 95. A trial version of Memphis is due out this year.

Microsoft is also working on a project to make personal computers more interactive by integrating them with television. Building on the Simply Interactive PC initiatives announced in April 1996, these technologies consist of broadcast components that allow PCs to receive television programming, data services and new forms of entertainment blending the two. The project also hopes to include elements appropriate for use on large-screen displays, such as a large VGA monitor or television set.

Acorn RiscTechnologies, part of the Acorn Computer Group PLC of Britain, has developed a personal digital assistant, called NewsPAD, over which a prototype interactive newspaper will be transmitted.

The size of an A4 sheet of paper, the NewsPAD consists of a large, high-resolution color SVGA active matrix LCD panel. Promoted as fully interactive, the display panel is touch sensitive. The NewsPAD is capable of displaying audio and full-motion video, still images in color, infographics and animated information sequences, as well as the more traditional newspaper text and graphics. The user can personalize the content received.

The European Union is providing support for content creation, and Ediciones Primera Plana, a Spanish publishing house, is testing the system as part of a move into multimedia news-gathering and distribution.

PAUL FLOREN is on the staff of the International Herald Tribune.

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COMPUTER INDUSTRY / A SPECIAL REPORT

Goodbye to Silicon Chip? Biologists Hail Advent of DNA Computer

By Barry James

PARIS — Computers may one day be made of DNA, the information carrier inside every living being, rather than of silicon and electrons.

Rudimentary DNA computers already exist, using test tubes rather than printed circuits as processing units.

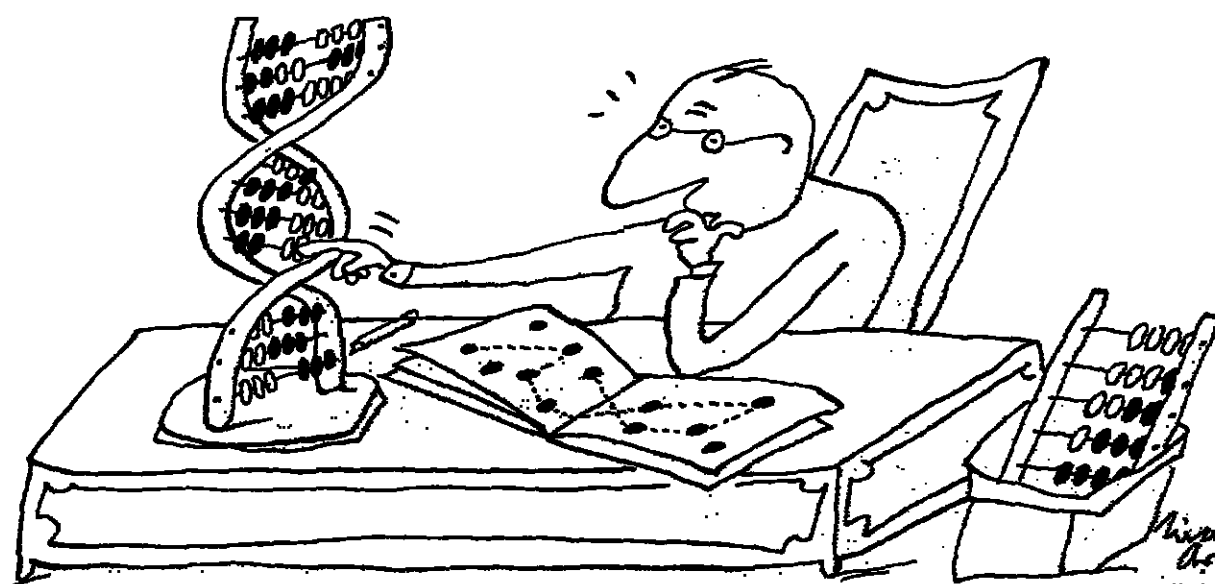
Animesh Ray of the University of Rochester, New York, said the main thing preventing their development is the relatively high cost of synthesizing and manipulating DNA and the fact that no one has come up with an application that would commercially justify the immense investment it would take to develop a machine. Although it has been possible to perform simple calculations, not enough work has been done in the laboratory to demonstrate the feasibility of DNA computers on the scale envisaged by mathematicians and computer programmers.

It costs at least 10 cents to make each DNA base, equivalent to a bit in a conven-

tional computer, meaning that a working machine could cost \$100 billion in today's prices. But if a demand develops for such awesome computing power, the price would likely come down. Only a few years ago the idea of immense processing capacity in home computers and modestly priced hard disks holding a gigabyte of information would have seemed far-fetched.

Those old science-fiction movies showing columns of liquid bubbling in the background may not have been so far off the mark after all. A DNA computer would be built around a container of liquid — purified water, probably — holding a minute amount of molecular material.

A single drop of water containing DNA could theoretically process more data than the world's largest parallel processing computer — an array of more than 7,000 Pentium Pro processors at a U.S. government laboratory in New Mexico. A pound of the material might contain more computing power than all the



processors ever made. But a DNA device could not be used to run word-processing programs, games or spreadsheets, the kind of applications that keep modern computers busy.

A DNA computer could take hours to solve the kind of serial or linear problem that a conventional computer can

perform in a fraction of a second. But theorists say it would be ideally adapted to solve parallel processing problems that are beyond the reach of silicon-based machines.

These could be, for example, Hamiltonian Path problems, more popularly known as the traveling sales-

man riddle. The salesman must complete a circuit visiting a number of cities only once, but some cities have no connections, and the salesman is not allowed to back-track. With only a few dozen cities, the problem becomes insurmountable for modern computers, which must try the paths one at a time.

A DNA computer would be able to try all the combinations at one go. It could be used, for example, to work out the optimum route map for an airline serving a couple of hundred cities, Dr. Ray said. It could also solve key-in-lock problems, for example by simultaneously trying out all possible combinations in

an encrypted code. Information is encoded into the double-helix molecular strands in the same way that the genetic information is stored in living beings.

Few things are more complex than life itself, but the processes underlying life are simple: addition, subtraction, division and multiplication of the information contained in the wispy strands of DNA.

In fact, the idea of using DNA to create computers came to the mathematician Leonard M. Adleman of the University of Southern California while reading James Watson's "Molecular Biology of the Gene." He was struck by the similarities between computer operations and genetic processes — both of which entail combinations of on-off switches — and wrote a paper in 1994 describing how a DNA computer could solve a traveling salesman problem linking seven cities.

A strand of DNA consists of a chain of bases, which are made of four molecules called adenine, thymine, guanine and cytosine, known simply as A, T, G and C. Since strands interlock with matching strands, it is possible to use the molecules to form what are known as logic gates, which will accept information as true or false. By using sequences of DNA 40 bases long, researchers believe it may be possible to carry out a trillion simultaneous calculations.

Chemists and biologists have many years of experience of fashioning pieces of DNA into unusual geometries, using enzymes to cut and splice the strands. They know how to create DNA in the

laboratory and have begun to devise methods to make molecular-scale machinery.

The DNA computer is based on "absolutely standard" lab techniques, Dr. Ray said. Even if it is not feasible now to build a computer, he said, it is possible to do some of the groundwork by refining methods of fabricating and manipulating DNA chains and building very small electronic circuits to extract and display the information. A DNA computer would be able not only to process data but to store it, depending on the programming algorithm, he said.

A DNA computer performs the logical command "and" by separating DNA strands and the command "or" by mixing strands. The molecules containing a possibly correct solution are filtered out and the rest are discarded. In the salesman problem, the computer would look at billions of paths simultaneously, but retain only those containing a single visit to the required number of cities. Since a DNA computer mimics a biological process, it might one day be used to investigate immensely complex molecular or genetic processes, or analyze the human genome map.

A DNA computer would have the advantage of running on no energy, other than a trickle of power to prevent the DNA denaturing. Reliability would be a problem because DNA mutates at random. Living organisms have error correcting mechanisms to take care of such changes.

BARRY JAMES is on the staff of the International Herald Tribune.

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Internet Arrives At a Crossroads

Skeptics Cite Overload Of Useless Information

By Sharon Reier

PARIS — Those who shrink from the siren call of cyberspace but have heard that the Internet will change the course of history can take heart. They are not alone.

One of the most commercially successful sites on the vast, 40 million page and growing World Wide Web is Amazon.com. Amazon is a Seattle-based discount of books — the old-fashioned printed variety — which are delivered in the real, not virtual, world by United Parcel Service.

There are also some high-powered computer industry executives who are skeptical about the revolutionary possibilities of surfing the Net.

"I don't know who these zone-heads are," scoffs Charles Wang, the founder and chief executive of Computer Associates, a U.S. software company. "There were only a few hundred million dollars done in transactions in the Internet last year. If it is taking over, that is a pretty small number."

"Put newspapers and magazines out of business? It will never happen," Mr. Wang continues. "I like to read The Sunday [New York] Times, because I don't know what I want to read. The Web is there if you know exactly what you want."

"People say the Internet will replace stores. It will never happen. If you know what you want to buy it is another vehicle. But shopping is a social experience."

Even Bill Gates, the founder and chairman of Microsoft Corp. and widely regarded as the crown prince of the World Wide Web, was taken unawares by the Internet's grassroots acceptance.

In his book, "The Road Ahead" (not available online), Mr. Gates admitted that he believed the technology for "killer applications" was inadequate to lure consumers to the Internet.

But as American on-line accounts surged from 16.7 million at the end of 1995 to 25 million to 30 million by the end of 1996, Mr. Gates revised his book to include a chapter on the Internet. He also rolled out a new Microsoft Network that tries to be the paradigm for Internet users: an interactive entertainment channel, communications channel for e-mail and chatrooms; a personal shopping and information channel and a gateway to the World Wide Web.

MSN already claims two

million subscribers. While MSN says it is committing a billion dollars to develop MSN programming, total worldwide Internet advertising last year amounted to only \$350 million.

If all this sounds contradictory, perhaps the key to the puzzle is that 75 percent to 80 percent of all on-line subscribers use the Internet primarily to send electronic mail, a cheap alternative to voice telecommunications.

The challenge for businesses on the Net, then, is to convince e-mail users that the virtual marketplace is an attractive place to do business. According to Mr. Gates, the deluge of information available on the Internet has the capability of creating a virtually "friction-free market" which can give consumers near-perfect pricing.

Meanwhile, many Internet users who surf the Web seem to be drowning in a sea of information. "The good news is that everything is widely available. The bad news is that everything is widely available," joked Kate Delhagen, a research analyst at Forrester Research of Cambridge, Massachusetts, which tracks the Internet for corporate clients. "Chances are if you search for an item even with a very good search engine, most of the results you get will be irrelevant."

What is more, they may not be true. "You used to spend hours getting the information you needed," says Nick Allen, a senior research associate at Forrester. "Now you spend hours verifying the information you have gotten."

Such experiences may lead to cases of Internet letdown. But, as with any new technology, there are true believers who claim it will totally change the flavor of human interaction.

Those who believe Marshall McLuhan's dictum that "the medium is the message" say the Internet democratizes information. Without elitist editors to exclude material, they say, people can search for anything they want.

In fact, in societies where media channels are highly restricted, the World Wide Web can be a subversive tool. Anyone can have a home page or e-mail address, from guerrillas to local banks.

Will the e-mail subculture become the dominant commercial culture? At this point, the jury is still out.

SHARON REIER is a freelance journalist based in Paris.

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WORLD ROUNDUP



Bohdan Ulihrach concentrating on a shot against Pete Sampras.

Sampras Loses

TENNIS Pete Sampras struggled in every area of the game as he suffered his first loss of the year, 7-6 (7-5), 7-5, to Bohdan Ulihrach in the second round of the Champions Cup in Indian Wells, California. The 43rd ranked Czech ended Sampras' 20-match winning streak and his 34-match hardcourt streak, which stretched back to August.

In the quarterfinals of the Evert Cup fourth-seeded Lindsay Davenport beat the teenager Venus Williams, 6-4, 5-7, 7-6 (7-1). (AP)

Instant Replay Overruled

FOOTBALL The NFL owners voted not to reintroduce instant replay. Some teams were hostile because, to stop games from becoming longer, coaches would have had to spend a timeout if they wanted a replay. To limit trash talking and celebrations the owners also voted to add a 15-yard penalty for players removing helmets on the field. (AP)

• The Miami Dolphins and Denver Broncos will play in American Bowl '97, Aug. 4 in Guadalajara, Mexico. (Bloomberg)

Snow Broke Eye Socket

BASEBALL San Francisco Giants first baseman J.T. Snow's lower left eye socket was fractured when he was struck in the face by a pitch from Seattle's Randy Johnson. Snow was released from the hospital Wednesday, but his vision is blurred. (AP)

CYCLING Tom Steels, of the Mapei team, sprinted to victory Thursday in the fifth stage of the Paris-Nice race. It was his third stage triumph of the race. Laurent Jalabert, of ONCE, was third in the 125 mile (197 kilometer) stage to Venissieux and is 24 seconds ahead of Pascal Charrier and 26 in front of Steels. (Reuters)

Thoroughbred Clones?

RACING Cigar's former owner is exploring the possibility of cloning the 1995-96 Horse of the Year, so far a failure at stud.

"We're certainly looking into cloning," Allen Paulson told the New York Post. Paulson has the right to buy Cigar back should the horse prove sterile.

Barry Simon, of Ashford Stud, Kentucky, said last week that 16 of 36 mares bred to Cigar had been tested and none was in foal.

"It's been done once in sheep, and whether it's transferable to other species, we don't know yet," said Dr. Harry Griffin of the Roslin Institute in Edinburgh, which successfully cloned a sheep. "Other attempts will be in cattle and then probably in pigs."

The rules of the Jockey Club do not specifically address cloning. (AP)

Long Run Dangers Of the Cash Sprint

By Ian Thomssen
International Herald Tribune

On the last weekend in May, track and field will take its first paddles into the deep end of sport's financial pool, where the sharks are waiting.

On that Saturday Noureddine Morceli and Haile Gebrselassie, the world's top athletes at the middle distances, will run against each other for \$1 million at a meet in Hengelo, The Netherlands. The

VANTAGE POINT

next day in Toronto, a 150-meter sprint between Michael Johnson and Donovan Bailey will supposedly decide which of them is the world's fastest man.

Johnson and Bailey have taken the boxers' approach to promoting their race, which guarantees each of them \$500,000 and an additional \$1 million to the winner. Bailey has been criticizing Johnson, and writers are writing that the two don't seem to like each other very much.

The other race seems to be more of a gentlemanly duel over the rarely contested distance of 2 miles, with the understanding that the \$1 million jackpot will be paid only if a world record is broken in under eight minutes. If the race in Toronto will emphasize the head-to-head nature of sprinting, then the middle distance runners, will be encouraging each other to beat the clock in a Roger Bannister sort of way. Yet it is their meekness that seems to be causing the most fear among the traditionalists of the world's oldest sport.

Morceli and Gebrselassie are partners in their race only because they are partners in business, clients of the same shoe company, Adidas, sponsor of the race.

Suddenly there is cause to worry about the future of a great sport. The structures of soccer, basketball and other team games, as well as the Olympics, have survived enormous commercial overhauls. None of them was as vulnerable as athletics, which just last weekend renounced amateurism at its indoor world championships, providing up to \$50,000 for gold medals and world records. At the outdoor world championships in August the prize will go up to \$100,000. But this is small money, loose change in Michael Jordan's pocket. The shoe company that invented Jordan's celebrity would have no difficulty offering huge raises to track and field athletes.

Primo Nebiolo, the powerful Italian whose presidency has provided the International Amateur Athletic Federation with a single, autocratic voice, is 76. When he is gone, who will keep the IAAF together? Who but Nebiolo would

have the strength to prevent, for example, Nike, Microsoft or Rupert Murdoch from buying up athletes and creating their own sleeker tournament of meets? Which could be organized more attractively for television than the circuit of Grand Prix offered by the IAAF.

Then the Olympics, which relies on television income, might have to choose between the IAAF and the athletes. Perhaps none of this will come to be, but a corporate takeover seems to be one of the potential destinations on the map.

Last weekend Nebiolo said he had no problems with the Morceli-Gebrselassie race, which will be contested within an IAAF meet according to international regulations. "We will be vigilant," he promised.

But the structure he has built might not survive after he is gone. It's a structure built on one person's political influence and all of the notes are in Nebiolo's head. Perhaps cloning will come to the rescue. (What goes on in those IAAF "drug-testing" laboratories, anyway?)

In the short term, however, it is hard to argue against the boxing-style exhibitions which will be hyped through May. They should enhance, not threaten, this athletics season. As Gebrselassie's manager Jos Hermens said, the Adidas 2-mile race should not be seen as competition against the next-day's sprint in Toronto. The two races will provide athletics with a grand weekend of publicity on the two richest continents.

"The sport needs to create heroes," Hermens said at the IAAF indoor championships in Paris. "If you were to ask someone here to name some stars in track and field, he will know three French athletes—Marie-Jose Perec and a couple of others, maybe—and three who aren't French. Then if you ask him to name some tennis players he will probably know 15, because the tennis players can play every day, they are always in the news."

"Haile Gebrselassie can only compete 12 times a year," Hermens said. "That's not enough. We have to go in other ways to get publicity around the events. People think that if money is involved, the athletes are better athletes. This is the perception especially in America. If we want the sport to be interesting to Americans, we have to come up with these things."

"I'm always hearing that compared to the athletes in other sports, our athletes are great guys, they're nice people. We need to promote this."

When the athletes in track and field are making \$10 million a year, no one will be saying how nice they are. They will be like a lot of the tennis players.



Barcelona's Ivan de la Pena shooting despite pressure from Carlos Aguilera and Juan Manuel Lopez, right.

Pantic Scores 4, but Atletico Loses

Compiled by Our Staff From Dispatches

Barcelona came back from 3-0 down to beat Atletico Madrid, 5-4, and win its Spanish Cup quarter final, 7-6, on aggregate.

Milinko Pantic scored four goals for Atletico but ended up on the losing side in a game that finally tipped Barcelona's way when Juan Pizzi scored the ninth goal of the night after 82 minutes.

Jesus Gil, Atletico's chairman, had said his team would not play in protest at the suspension of three players. He retracted an hour and a half before kickoff. Atletico did not seem to have suffered from the uncertainty. It led, 3-0, after 31 minutes.

Pantic knocked in a rebound after eight minutes when Barcelona keeper Vitor Baia failed to hold a shot from Carlos Aguilera. The Serbian scored again just before the half-hour when he beat Baia at the near post with a long-range shot, and moments later he converted a penalty after defender Laurent Blanc brought down Kiko in the area.

Bobby Robson, Barcelona's coach, removed Blanc and midfielder Gheorghe Popescu and brought on forwards

Hristo Stoichkov and Pizzi. Immediately after the break, Ronaldo guided a volley into the top corner of the

EUROPEAN SOCCER

Atletico goal. Three minutes later Ivan de la Pena gave the home fans hope after finishing off a break down the left.

But Pantic struck again, in the 53d minute, exploiting a weak clearance by Baia and clipping the ball over the keeper's despairing dive.

Luis Figo smashed in a volley from outside the penalty area after 65 minutes and Ronaldo dived to head the equalizer shortly afterward.

Pizzi knocked in a loose ball eight minutes from time to win the game and create pandemonium among Barcelona fans who had earlier whistled Baia and shouted insults at Jose Luis Nunez, the club president.

Earlier a few miles away, the other Barcelona team, Espanyol, was knocked out of the Cup by Las Palmas of the second division. The second leg finished 1-1 after a goalless first leg, and the Canary Islanders won on away goals.

GERMANY Borussia Dortmund, the Bundesliga champion, beat Hansa Rostock, 3-0, while second-placed Bayern Munich lost again—2-0 at Arminia Bielefeld—and fourth placed Bayer Leverkusen fell, 3-0, at 1860 Munich.

In Dortmund, Karlheinz Riedle struck twice his Swiss striking partner Stephane Chapuisat scored the other. Bayern, who lost 5-2, at Leverkusen on Sunday, was beaten on Wednesday by a pair of first-half goals by German international striker Stefan Kuntz.

"We are not aggressive enough," said Franz Beckenbauer, 51, the Bayern chairman. "We're standing off our opponents. If I got that much space, I'd would still be able to play today."

ENGLAND Premier League Middlesbrough lost, 1-0, at home to Stockport of division two but still qualified for the League Cup final for the first time on the strength of a 2-0 first leg victory. Middlesbrough, which has not won a major title in its 121-year history, will face Leicester in the final April 6.

Sean Connolly hit the only goal after seven minutes, but Stockport could not score again. (AP, Reuters)

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

WEDNESDAY'S GAMES

Philadelphia 3, Atlanta 1	Chicago 3, St. Louis 2	Toronto 3, Pittsburgh 2	Montreal 4, Baltimore 3	Kansas City 2, New York Mets 1	Kansas City 1, St. Louis 0	Houston 3, New York Yankees 2	Colorado 3, California 1	San Francisco 10, Minnesota 5	Chicago Cubs 6, Milwaukee 5
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Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
Kansas City 1, St. Louis 0
Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
Toronto 3, Pittsburgh 2
Montreal 4, Baltimore 3
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Houston 3, New York Yankees 2
Colorado 3, California 1
San Francisco 10, Minnesota 5
Chicago Cubs 6, Milwaukee 5

Philadelphia 3, Atlanta 1
Chicago 3, St. Louis 2
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Montreal 4, Baltimore 3
Kansas City 2, New York Mets 1
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SPORTS

Illinois Coach Bounces Back From Hostile Welcomes

By George Dohrmann
Los Angeles Times

Lon Kruger was sitting in front of a television with his team and staff when the NCAA tournament pairings were announced Sunday. His 12-year-old son, Kevin, was there, too.

When Illinois' name showed on the screen as the sixth-seeded team in the Southeast Regional, matched against USC on Friday, the Fighting Illini coach shook hands, gave a few hugs and then was tapped on the back by his son, who had a thought.

"Where will you be playing?" Kevin asked.

Kruger gave an answer he believed Kevin already knew. "The Charlotte Coliseum."

Kevin leaned closer to his father and said, "Dad, you know your record there isn't very good."

So it goes for Kruger. He practically wills Illinois to its first 20-victory season in six years — its record is 21-9 — has the Illini ranked 15th in the country, and on what should be a day of celebration, gets hit with an upbraid.

Kruger knows Charlotte, all too well. That's where, in 1994, his Florida team was defeated by Duke in the Final Four, cutting a dream season one game short.

Kruger has accomplished enough to be considered one of the top college coaches, yet when he was hired to replace the retiring Lou Henson last March, the first reaction among fans was to reel off his flaws.

Now, he quietly toils at Illinois' campus in Champaign, devoid of one-liners, playing second fiddle to anything in Chicago and even Notre Dame football until mid-January.

Kruger has earned his seventh NCAA bid in his last 11 seasons as a coach at Illinois, Florida and Kansas State. He had that one Final Four appearance, took Kansas State to the final eight and now enters the tournament with an underdog team few believed would earn a bid, let alone a No. 6 seeding. Even so, he is still, for the most part, a secret.



SCRAMBLED LEGS — Antonio Smith of Michigan State reaching between his legs for the ball under pressure from George Washington's Shawanta Rogers, while Alexander Koul (45) Andrei Krivosos (21) and J.J. Bode closed in. Michigan State won the National Invitational Tournament first-round game 65-50.

"I'm not one to promote myself," he said. "This is a player's game and we promote them."

A headline in a Chicago newspaper after Kruger's hiring read: "Mr. Nice Guy Lacks Pizzazz Illinois Needs." It was one of many criticisms he heard after electing to leave Florida, where he spent six seasons and made two trips to the NCAA tournament.

Sonny Cox, the coach at Chicago's King High, who has a huge influence over high local school players — told one newspaper that Kruger "got to the Final Four once, but he didn't do much before then and he hasn't done much since."

"You've got to look at his record." If all that wasn't enough, Illinois' athletic director, Ron Guenther, went around saying that Kruger's new job

was "one of the 10 best" in the country, and that he expected a Big Ten Conference title "once every three years."

"There were some articles and people made a lot out of it," Kruger said of all the talk. "But all you can do is get to work and determine what needs to be done."

Illini fans' main criticism of Kruger was over recruiting. They said Kruger didn't attract stars. True, Kruger said.

Mitch Richmond of the Sacramento Kings, whom Kruger coached at Kansas State, was the only star ever to play for him, unless Andrew DeClercq counts. Kruger had the Golden State Warrior reserve at Florida.

But the recruiting rap may turn out to be a bad one. Kruger signed five players in the fall, and two of them were rated among the top 50 in the United States.

Kruger would never toss that back at the skeptics. Very much like the coach many have compared him to, Duke's Mike Krzyzewski, whose team is seeded second in the Southeast, Kruger seems to be gathering accolades like acorns and wants to be judged by the size of his pile, not each nut.

"I look back now and I don't think you could have written a better script," Kruger said. "Never did I say we had a chance to make the tournament, and never did I say we didn't have a chance. You have to give the players, and especially the seniors, all the credit for this."

Does Kruger believe he deserves at least a little credit?

"We'll have to wait and see if I can win in Charlotte first."

Magic Edge Rockets In Road-Trip Finale

The Associated Press

The Orlando Magic finished their last long road trip of the season Wednesday night, capping a six-game, nine-day odyssey with a 96-95 victory at Houston to finish 4-2 on a voyage that started with a victory in Seattle on March 4.

The Orlando-Houston game went down to the final seconds, and Anfernee Hardaway won it with a 10-foot jumper over Mario Elie with 1.1 seconds left.

Eddie Johnson had a chance to win it for Houston, but his long jumper missed at the buzzer.

Gerald Wilkins added 19 for Orlando. Nick Anderson sat out with a

NBA Roundup

bruised right quadriceps tendon, and Rony Seikaly was out with a lower back strain.

Of Orlando's 20 remaining games, 12 will be at home. The Magic hold the eighth and final Eastern Conference playoff spot with a four-game lead over Indiana. Orlando is just a half-game behind Cleveland for the seventh spot.

Hakeem Olajuwon led the Rockets with 32 points and 12 rebounds, and Kevin Willis had 21 points and 14 rebounds. Clyde Drexler, out the last five weeks with a pulled left hamstring, expects to return Sunday at Miami. Charles Barkley, who hurt his left hip on March 1 against Dallas, hopes to play on Tuesday at New Jersey.

Jazz 117, Nets 102 Utah made the third stop of its seven-game, 11-day trip in New Jersey. John Stockton had a season-high 31 points and 11 assists, and Karl Malone scored 20 of his 27 points in the second half as Utah wore down the Nets.

"John Stockton really carried us," said Malone, who made only two of his first 10 shots. "I didn't play a great game. It was ugly. Guys kept looking at me, but you have games like that. But I wasn't going to stop. I'm not a quitter. I just kept playing hard."

Greg Ostertag had 10 points and 19 rebounds as the Jazz won for the 15th time in 18 games. Rookie Kerry Kittles had 23 points as the Nets lost for the sixth time in seven games.

Bulls 106, 76ers 104 In Philadelphia, Scottie Pippen scored 31 points, in-

cluding six in the final two minutes to help keep Chicago ahead in a game that was close mostly because of Allen Iverson. Pippen finished 12-for-18 from the field and 4-of-5 from 3-point range. Michael Jordan added 23 points and Bill Wennington had 14 for the Bulls.

Iverson was 15-for-23 from the field in one of his most impressive performances of the season.

"I like him as a player," Pippen said of Iverson, who was involved in a trash-talking battle with several Bulls the first time he played them and almost got into a scuffle with Dennis Rodman the second time. "Early on he got caught up in a lot of trash talk and stuff of that nature, but he's a good player and today he had much better focus on the game instead of all that other stuff."

Pacers 92, Hawks 82 In Indianapolis, Reggie Miller scored 25 points, and Indiana snapped a three-game losing streak while ending Atlanta's five-game winning streak.

Dikembe Mutombo, the Hawks center, was ejected for his second technical foul in the fourth quarter. Atlanta coach Lenny Wilkens also picked up a technical, one of four called against the Hawks.

Miller fouled out in the final minute — the first time he has been disqualified since the 1993-94 season. He has scored 20 or more points in eight straight games.

Bullets 104, Grizzlies 82 Chris Webber returned from a three-game lay-off and scored 32 points, including 21 in the decisive first half, as Washington dealt visiting Vancouver its 11th straight loss.

Webber shot 10-of-14 before half-time, and the Bullets shot 59 percent in taking a 59-39 lead. Webber, sidelined since March 4 with a strained lower back, finished 14-for-21 from the floor and had 10 rebounds despite sitting out the fourth quarter.

Lakers 109, Warriors 101 Five Lakers played strong games as Elden Campbell scored 26 points, Eddie Jones had 24 points, seven rebounds and seven assists, and Kobe Bryant added 18 points in 18 minutes. Corie Blount, making his third start of the season, equaled his career highs with 17 points and 15 rebounds. Nick Van Exel had 14 assists.

Kansas Wins NCAA Opener

The Associated Press

No. 1 Kansas overpowered Jackson State, 78-64, Thursday in the first round of the NCAA tournament.

The Jayhawks (33-1) had three players with 13 or more rebounds as it defeated the 16th seed in Southeast Region.

Scott Pollard had a career-high 19 rebounds, six blocks and 12 points. Raef

NCAA Tournament

LaFrentz had 18 points and 14 rebounds, and Paul Pierce had 17 points, 13 rebounds and four blocks.

All that inside muscle overcame the absence of Jacques Vaughn, the Jayhawks' point guard, who sat early in the second half because of foul trouble.

Jackson State (14-16) made enough outside shots to keep things interesting for much of the game. But the shots didn't fall during a second-half stretch when Kansas took command with a 16-0 run.

Cincinnati 95, Butler 69 Darnel Burton scored 19 points, including five 3-pointers, and Cincinnati, third seeds in Midwest region, used a 22-5 first-half run to beat Butler.

Danny Fortson led the Bearcats 26-7, with 24 points, but 16 of those came in the second half with the game already won.

Kelsey Wilson and Jon Neuhouser led No. 14 Butler (23-10) with 15 points.

Cincinnati will play the winner of the Illinois State-Iowa State game in the second round Saturday.

After leading 39-17, at the intermission, Cincinnati built its margin as high as 25 in the second half. Butler cut the lead to 78-67 in the waning seconds, but it was far too late for a comeback by then.

Butler stayed close to the Bearcats in the early minutes of the game, hustling for every loose ball and flustering Cincinnati with its pressure but Burton put an end to any Bulldog upset hopes with back-to-back 3-pointers with 12:19 left in the half.

Blocked Penalty Shot Lifts Rangers Over Capitals

The Associated Press

Mike Richter, the New York Rangers goalie, stopped a penalty shot by Washington's Ken Klee with the score tied, 2-2, in the second period.

Klee streaked toward him, Richter came out of the net then reversed as Klee faked left to the goalie's backhand. The shot from close in bounced off Richter's blocker, and the Rangers went on to a 3-2 victory.

"I got good wood on it," Klee said. "I got it halfway up, but he made a great save."

It was the seventh penalty shot Richter has faced in his career. He has saved them all.

Mark Messier tripped Klee to give away the penalty, but the Rangers' captain made amends, getting the 573rd goal of his career to decide the game at 11:13 of the final period.

The goal tied Messier with the retired Mike Bossy of the New York

Islanders for 10th place on the NHL career list.

Wayne Gretzky and Adam Graves also scored for the Rangers. Dale Hunter and Rick Tocchet had the Capitals' goals.

Whalers 6, Bruins 3 Kent Manderville had his first career hat trick and Sami Kapanen scored on a

NHL Roundup

penalty shot as Hartford extended its home unbeaten streak to four games. The Whalers had not scored more than two goals in any of their previous seven games.

With the score tied, 1-1, Manderville tipped Steve Chiasson's point shot beneath goalie Jim Carey. Manderville made it 3-1 midway through the second period on a wrap-around. His final goal was an empty-netter with 12 seconds remaining.

Blackhawks 3, Maple Leafs 2 Denis

Savard scored twice in the third period to rally Chicago to victory in Toronto.

Ethan Moreau added his 11th goal of the season for the Blackhawks and Eric Weinrich had two assists.

Flames 3, Avalanche 2 Ron Stern scored his second goal of the game with less than three minutes left, and Calgary beat Colorado for its first victory over the Avalanche franchise in five years.

Ed Ward dug the puck out of the boards and fed Stern in the slot and he beat Patrick Roy.

Coyotes 5, Penguins 5 Stu Barnes' second goal of the game — with 48 seconds remaining — gave Pittsburgh the tie at Phoenix.

Darrin Shannon gave the Coyotes a 5-4 lead with 9:34 remaining. Dallas Drake, Craig Janney and Keith Tkachuk also scored for Phoenix.

Garry Valk and Fredrik Olausson scored for the Penguins, who also got

a goal, credited to Alex Hicks, when Jeremy Roenick attempted to clear the puck but tapped it into his own net.

Barnes tied the game when he took a pass from Mario Lemieux and shot the puck past goalie Nikolai Khabibulin. The assist was one of three for Lemieux, the league's leading scorer.

Mighty Ducks 2, Red Wings 1 Teemu Selanne and Jarri Kurri scored and Guy Hebert made 38 saves as Anaheim extended its club-record unbeaten streak to nine games while ending Detroit's at 11.

Sergei Fedorov scored for the visiting Red Wings, who lost for the first time since Feb. 14 at Dallas.

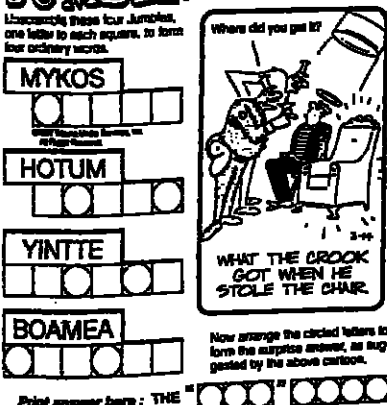
The goal was the 1,369th NHL point for Kurri, who tied Johnny (the Beast) Bucyk for 11th place on the career list. He needs six more goals to become the first European-born player in league history to score 600.

DENNIS THE MENACE



MY GRANDPA HADN'T BOILED ME ROTTEN YET, BUT I'M ONLY 5 YEARS OLD.

JUMBLE



Print answer here: THE

Answers: MYKOS, HOTUM, YINTTE, BOAMEA

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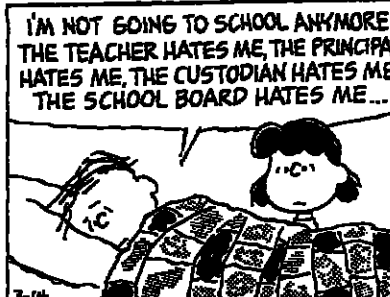
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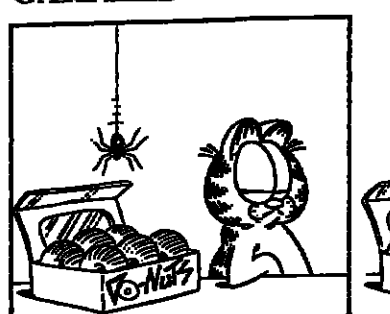
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PEANUTS



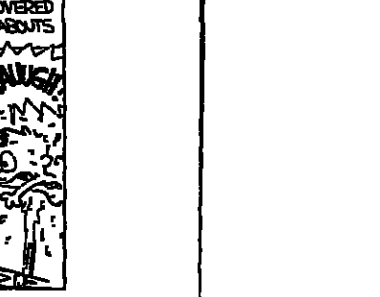
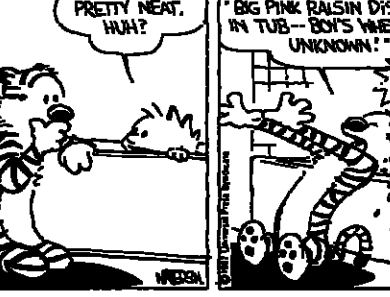
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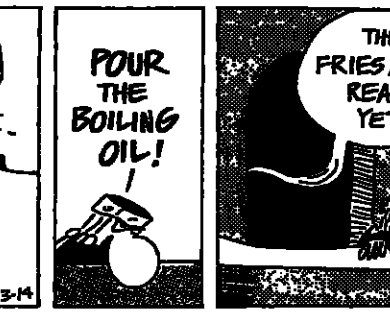
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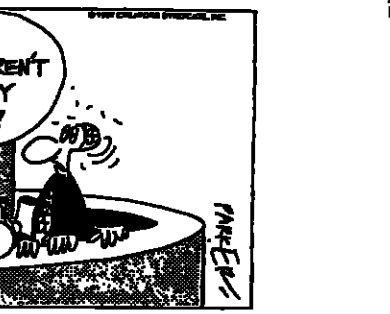
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OBSERVER

Less Than Aghast

By Russell Baker

NEW YORK—The public is less than aghast at the campaign-finance scandal that has media and Washington people in shock. Despite the uproar, President Clinton's popularity rating stands at about 60 percent. Considering that he was re-elected by only 49 percent of the vote, it's tempting to wonder if the scandal hasn't actually been a blessing for him.

This puzzles people whose days are spent pondering the news of Washington, but surely there is no mystery about it. It simply confirms that cynicism about government has settled into the American marrow.

Public respect for the governing classes seems so low that we have become numb to scandal. Does anyone here believe that, once this tale of dirty money is played out, these political panhandlers will change the method of financing campaigns?

They like it this way. It's the system that gets them elected and re-elected. Senate leaders, obedient to the private desires of their followers, are already trying to put the kibosh on an investigation of the money scandal. Who cares?

There will probably be congressional hearings imputing illegal conduct to White House types. Will the public tune in? Maybe, but it didn't tune in for the Iran-contra scandal. "Don't they all do it?"

The Whitewater show has been running longer than Seinfeld, and the public has tuned out. "They all do it."

"They all do it." This philosophy, which originated as a defense of Richard Nixon in Watergate, has become

cynicism's best friend.

The power of money to have its way in Washington was amply illustrated in Clinton's first term. There was the health-care disaster that killed the effort to provide for the 39 million Americans with no health insurance. The insurance industry fought it with seven tons of money and killed it. Now the insurance industry is in charge of national health policy, and there are 42 million Americans with no health insurance.

It appears that money will also be handily served in the second Clinton term. Reductions in the capital-gains tax seem likely. Cuts in estate taxes are proposed. These, like other tax breaks for upper-middle-class voters, are brought to you, in part, by the kids whose welfare support was ended by the welfare-reform bill Clinton signed to aid his re-election campaign.

□

Let us look on the bright side, however. The White House's frantic labors to round up enough dough to match the big Republican bankroll gives us some deliciously low comedy. You can imagine the Marx Brothers running a Lincoln-bedroom rental racket.

What the Democrats did was absurd, distasteful and possibly illegal. It was necessary, they say, by the astounding costs of television commercials, without which you might as well not bother to run for office these days. Government by TV commercial. How delightfully preposterous. How awful.

And the money keeps pouring in. Ah well, maybe they don't all do it. There must be two or three oddballs who abstain.

New York Times Service

By Patricia Leigh Brown
New York Times Service

NEW YORK—Perhaps no one knows better than Paige Rense, the editor in chief of Architectural Digest, that decorating is murder. But who knew she'd take it literally?

Who would suspect that while ensconced in her black limousine, Rense, 5 feet 2 inches tall, eyes blue, glasses tinted, blonde with help, was taking notes on two decades' worth of decorators who told her they would kill to get into her magazine?

Yes, Rense has gone undercover and written a murder mystery, to be published by Doubleday next month. The plot of "Manor House" revolves around a magazine suspiciously like Architectural Digest, run by a brainy, unappreciated No. 2 editor (suspiciously reminiscent of Rense), who is a leading suspect in the murder of the magazine's editor in chief, one Beau Paxton, a charming man about town. Paxton's character suspiciously recalls Bradley Little, a real-life Architectural Digest editor who was murdered in 1971 in a Los Angeles parking lot during a robbery attempt. Shortly thereafter, Rense, then No. 2, assumed editorship of the magazine. The murder was never solved.

"I kept thinking, if only I had something real to write about," said Rense, who had wanted to write a mystery since girlhood, sitting in her lively-infused office on Madison Avenue, her slightly crunched posture at odds with her tough-cookie demeanor.

Dominick found his own murder, and made that murder his own," she said, referring to her friend Dominick Dunne and his 1985 society-murder novel, "The Two Mrs. Grenvilles." "I felt all the good murders were taken. Then," she smiled sweetly, "I realized I had my own."

Though legendary for her killer instincts, especially where competitors are concerned, Rense's deftly

concealed affinity for murder may nevertheless come as a shock.

"At one point in my life, I wanted everything to come out all right, and mysteries do it," she said, explaining why she has spent the last seven or so years working on and off on her novel. "There is beautiful symmetry in mysteries. It's like a John Wayne movie; justice is always done."

Though not exactly "Murder on the Orient Express," Rense spins a web of intrigue of Austerlitz-like intricacy. "Manor House" is set in the rarefied milieu of Santa Barbara and Los Angeles—Rense territory—and is a not-quite-fictional expose of the decorating world, what the district attorney in the book calls a "murder for hire in the land of chintz."

It is, as interior decorator Mark Hampton, who makes a cameo appearance in the book, observes, "an eyewitness job." Many of Rense's characters are thinly veiled to the point of being sheer. "There are a couple of people, shall we say, who inspired a couple of characters," she said, ever the diplomat. "Rense is a mostly New York decorator who really did marry someone in Santa Barbara. And there is a braggart New York businessman and a braggart wife with not great taste."

Design and magazine watchers may detect resemblances to Donald and Ivana Trump; John Saladino (AD July 1992); David Geffen's home designer and antiques dealer, Rose Tarlow (AD June 1991), and Mimi London (AD April 1997), a



Paige Rense, in her office at Architectural Digest.

Rense friend who has a showroom in the Pacific Design Center. There is Jack Baker (AD May 1989), or Jack Banner as he is called in the book, an artist who is The Source for all gossip and whose work "hangs on the walls of every major house in Santa Barbara," a place the real Baker, reached by telephone, described as "a community of great eccentricity and magnificent homes."

Rense's two sleuths—Pierpont Tree, scion of a Santa Barbara fam-

ily who lives in a George Washington Smith house, and China Carlyle, a flame-haired retired movie star—are old and new money Santa Barbara, worlds the poker-playing author knows well.

"Pier considered the chore of interviewing an endless stream of homicidal decorators. He squirmed in his chair," writes the novelist, remembering the way his mother "used to go on about cabriolet legs and pie-crust tables."

It is nearly impossible not to make connections between Rense and Meg Millar, the No. 1 suspect. "Everyone thought editing 'Manor House' was so glamorous," Meg says in the book. "So easy. Just travel around, go to black-tie dinners, point a well-manicured finger and say, 'I choose your house.' If they only knew."

The 67-year-old editor stared at her interrogator through lashes perhaps not quite as thick as "smudged makeup," like Meg's. "I don't think Meg is me," she said, somewhat disingenuously. "But what was I going to write about? I'm going to write about magazines."

"People thought it would be a tell-all," she added. "But what would I tell?"

Penty.

Like Architectural Digest, Manor House starts life as a trade magazine and is rescued from banality and obscurity by a witty heroine, who, in addition to editorial savvy, has the smarts to gain, or attempt to, a financial stake in it.

(Rense had a minority ownership in Architectural Digest before it was sold by Knapp Communications to Conde Nast in 1993.)

The Manor House publishers are Seth and Jonas Rupert, good-and-evil twins. "I was thinking about various sides of character and thought, there could be twins," Rense said. (She would not confirm that a forthcoming novel would be called "New House.")

Asked about the real Bradley Little, she replied: "Oh dear, the poor man is dead. He was charming, attractive and didn't have a clue about magazines. He never made a deadline. And, oh yes, he said that designers didn't want to be interviewed."—contrary to the novel's observation that "publicity is to a decorator what blood is to a vampire."

As much soap opera as mystery, "Manor House" was in a sense cathartic, giving Rense a chance to reveal the sleaze amid the chintz. "There are a lot of things that go on that don't have a place in the magazine," she explained. Though some situations are pure fiction—young decorators pay Beau Paxton thousands of dollars to gain entry into the magazine—others, like antiques dealers churning out doctored invoices for favored decorators, are not.

"There are a lot of great decorators who are totally honest and some who are not, like any business," Rense said.

Rense began work on the novel while commuting between her home in Santa Barbara and her office in Los Angeles in the late 1980s. She started in earnest when her third husband, Arthur Rense, a public relations executive whom she divorced and remarried, was ill with cancer. "I'd write in airplanes, cars and when I couldn't sleep," she said. It was her therapy. "I stayed at home in the evening and he slept most of the time," she added.

Rense kept the book pretty much a secret, she said, because she didn't know "when or if I was going to finish it."

PEOPLE



Cuba Gooding Jr. with his Blockbuster award.

THE Archbishop of Canterbury, George Carey, the spiritual head of the Church of England, has accused his predecessor, Robert Runcie, of breaking royal confidences and raising doubts about whether priests can be trusted. Carey's criticisms were prompted by a biography of Lord Runcie, which quoted him as saying that the marriage of Prince Charles and Princess Diana was arranged, that Charles was depressed beforehand, and Diana was a "scholar." "Remarks that we might call rather indiscreet may suggest that people might now ask whether they can trust anybody, any priest, ever again," Carey said. "My whole ministry is based on the fact that if you want to talk to me privately you can be absolutely sure that whatever you say is safe."

The Gerald R. Ford Museum doesn't want G. Gordon Liddy. But the man at the center of the Watergate break-in is coming to town anyway. Liddy said he will broadcast his national radio show from the St. Cecilia Music Society in Grand Rapids, Michigan, on April 17. Officials turned down a request to have Liddy broadcast his show from the museum, which will be visited by former pres-

idents George Bush, Jimmy Carter and Ford. So he made other arrangements. "I'm going to enjoy it," Liddy said. "Maybe if they get on the radio from inside the place, I'll get on one of my radios from outside the place, and we can have a conversation." The museum is displaying tools carried by burglars during the 1972 break-in at Democratic headquarters at the Watergate Hotel. Liddy served more than four years in prison for his role in organizing the burglary.

The Blockbuster chain of video-rental shops has presented for the third year its own movie awards. The winners are selected by votes cast by the chain's customers. Among those honored: John Travolta for his role in "Phe-nomenon," Cuba Gooding Jr. in "Jerry Maguire," Goldie Hawn for "The First Wives Club," Kurt Russell for "Executive Decision," and Sandra Bullock for "A Time to Kill."

Governor George W. Bush of Texas isn't running for anything right now. He's on crutches. Bush underwent 1½ hours of arth-

roscopic surgery on his left knee to repair cartilage damaged while jogging. He may be able to return to the office this week but won't be running for at least a month. The 50-year-old son of the former president will have to pass up the 10-kilometer race in Austin on April 6. He has run the race the past two years and boasts of holding the records for fastest—and slowest—times by a governor.

The Oscar-winning actor Nicolas Cage paid almost half a million dollars at a Geneva auction for a rare 1971 Lamborghini Miura SVJ owned by the late Shah of Iran. Cage, bidding by phone from the West Coast of the United States, paid \$446,820, almost double the estimated value of the car. It was the most expensive car sold in auction in Europe this year. The shah once owned about 3,000 cars, but Islamic revolutionaries seized them after overthrowing him in 1979. Two-thirds of the cars now provide government transport.

The French film star Alain Delon has sent a letter of commiseration to the bankrupt businessman and former soccer boss Bernard

Tapie, in jail serving eight months for rigging a soccer match. "Cheer up, Bernard. Jail is tough, I know," Delon, 61, wrote in the open letter to the former chairman of the Olympique de Marseille soccer team and published by the daily Le Figaro. "I stretch out my hand to you through the bars." Delon, a longtime heart-throb who has played roles ranging from a tough-guy detective to an alcoholic mechanic, used the letter to deplore ills in society ranging from sleaze to child abuse.

Vincent van Gogh's admirers consider it art history, but a hotel in Veenoord, the Netherlands, where the Dutch master once lived, soon will be bulldozed to make way for apartments. "People call it a monument, but officially it's not," a City Hall spokesman, Rik van Wijnholds said. A demolition permit has been issued; construction is expected after April.

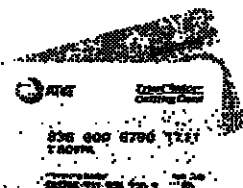
The longtime anchor of NBC's "Today" show, Bryant Gumbel, has signed with CBS News to anchor a prime-time newsmagazine and specials, CBS said. Industry sources said he would be paid as much as \$5 million a year.



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